THE DEVELOPMENT OF A SMALL BUSINESS OWNER COMPETENCY MODEL

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DECLARATION

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ABSTRACT

South Africa is plagued with an extremely high unemployment rate, high levels of crime, poverty and income inequality. It is widely recognised that small businesses play a vital role in the economy of a country in terms of creating employment, alleviating poverty and income inequality and stimulating economic activity in rural areas. However, small businesses can only contribute to the economy if they survive and succeed in the marketplace. Due to the high failure rate of small businesses, there is an urgent need to address the performance of small business owners and small businesses. Owing to the crucial function small businesses play in the South African economy and the high failure rate of these businesses, it is essential that research on small businesses progress, and provide practical and usable information. The objective of this research is to develop a competency model for small business owners in South Africa that explains the performance outcomes of small businesses and owner-managers and the competencies of owner-managers.

The literature overview informed the development of eight performance outcomes, and 12 competency clusters. The aim of this study was to ensure that the competencies and outcomes are as comprehensive as possible to avoid adding further to the inconsistencies and fragmented research. To achieve this, the Delphi method was used to evaluate the theorised outcomes and competencies, as well as their descriptions. Chapter 3 covered the Delphi technique and the application thereof to this study. A semi-structured questionnaire was administered to and completed by 20 small business owners. The Delphi was conducted over three rounds, with the participants receiving feedback after each round to refine their responses. The questionnaire was adapted as necessary after each round.

Chapter 4 detailed the findings of the study. It was established that the eight proposed outcomes are comprehensive in describing the performance outcomes of a small business and small business owner. The definitions of the outcomes were refined through the feedback of the owner-managers. It was concluded that the proposed outcomes should remain on the list, but that the level of importance and relevance may differ due to various factors. A comparison of the outcomes revealed that survival and continuation, production and productivity, personal outcomes and human resources were rated as the most important.

An examination of the 12 competencies resulted in minor alterations to the definitions of time management and socially responsible behaviour and ethics. From the owner-managers' responses and recent literature on small businesses in South Africa, an additional competency was added. The owner-managers' responses revealed that all the competencies should remain on the list of competency clusters, but that the importance, frequency and level of expertise required for the competency cluster may vary. Furthermore, the feedback from the

Delphi revealed which of the competency clusters can be outsourced, and where owners feel that there can be a lack of competence which is compensated for in other ways. When comparing the competencies, they revealed fewer outliers relative to the outcomes, but personal competencies and strategic management were rated as the most important competency clusters with the highest level of consensus.

This study is intended to contribute to the understanding of small businesses and small business owners in South Africa, by providing valuable insights into the complexity of owner-managers. Furthermore, this research lays the foundations for the development of a comprehensive competency model for small business owners in South Africa.

OPSOMMING

Suid-Afrika word geteister met 'n buitengewoon hoë werkloosheidsyfer,sowel as ‘n hoë vlak van misdaad, armoede en inkomste-ongelykheid. Dit word wyd erken dat klein ondernemings 'n belangrike rol speel in die ekonomie van 'n land in terme van die skep van werk, die verligting van armoede en inkomste-ongelykheid, en die stimulering van ekonomiese aktiwiteite in landelike gebiede. Klein ondernemings kan egter slegs tot die ekonomie bydra as hulle oorleef en op die mark slaag. As gevolg van die hoë mislukkingsyfer van klein ondernemings, is daar 'n dringende behoefte om aandag te gee aan die prestasie van kleinsake-eienaars en kleinsake-ondernemings. Weens die belangrike funksie wat kleinsake-ondernemings in die Suid-Afrikaanse ekonomie speel, en die hoë mislukkingskoers van hierdie ondernemings, is dit noodsaaklik dat navorsing oor klein ondernemings vorder wat praktiese en bruikbare inligting verskaf. Die doel van hierdie navorsing is om 'n bevoegdheidsmodel vir kleinsake-eienaars in Suid-Afrika te ontwikkel wat die prestasie-uitkomste van kleinsake-ondernemings en eienaar-bestuurders en die bevoegdhede van eienaar-bestuurders verduidelik.

Die literatuuroorsig het die ontwikkeling van agt prestasie-uitkomste, en 12 vaardigheidsgroepe, uiteengesit. Die doel van hierdie studie was om te verseker dat die bevoegdhede en uitkomste so omvattend as moontlik is om te verhoed dat dit verder bydra tot die teenstrydighede en gefragmenteerde navorsing. Om dit te bereik, is die Delphi-metode gebruik om die teoretiese uitkomste en bevoegdhede, sowel as die beskrywings daarvan, te evalueer. Hoofstuk drie behandel die Delphi-tegniek en die toepassing daarvan op hierdie studie. 'n Semi-gestruktureerde vraelys is deur 20 kleinsake-eienaars geadministreer en voltooi. Die Delphi is oor drie rondes uitgevoer, en die deelnemers het na elke rondte terugvoering ontvang om hul antwoorde te verfyn. Die vraelys is na elke rondte aangepas soos nodig.

Hoofstuk vier bevat die bevindinge van die studie. Daar is vasgestel dat die agt voorgestelde uitkomste omvattend is in die beskrywing van die prestasie-uitkomste van 'n kleinsake-onderneming en kleinsake-eienaar. Die definisies van die uitkomste is verfyn deur die terugvoer van die eienaar-bestuurders. Daar is tot die gevolgtrekking gekom dat die voorgestelde uitkomste op die lys moet bly, maar dat die vlak van belangrikheid en relevansie weens verskillende faktore kan verskil. 'n Vergelyking van die uitkomste het aan die lig gebring dat oorlewing en voortsetting, produksie en produktiwiteit, persoonlike uitkomste en personeelbestuur as die belangrikste beskou is.

'n Ondersoek van die 12 bevoegdhede het gelei tot geringe aanpassings van die definisies van tydsbestuur en sosiaal verantwoordelike gedrag en etiek. Uit die antwoorde van eienaars-bestuurders en onlangse literatuur oor klein ondernemings in Suid-Afrika, is 'n bykomende

bevoegdheid bygevoeg. Uit die antwoorde van eienaars-bestuurders word aan die lig gebring dat al die bevoegdhede op die lys van bevoegdheidsgroepe moet bly, maar dat die belangrikheid, frekwensie en vlak van kundigheid wat nodig is vir die bevoegheids-groepering kan verskil. Verder het die terugvoering van die Delphi aan die lig gebring watter van die bevoegdheids-groeperings uitgekontrakteer kan word en waar eienaars voel dat daar 'n gebrek aan bevoegdheid kan wees waarvoor op ander maniere vergoed kan word. By die vergelyking van die bevoegdhede het hulle minder uitskieters ten opsigte van die uitkomste aangedui, maar persoonlike bevoegdhede en strategiese bestuur is beskou as die belangrikste bevoegdheidsgroepe met die hoogste konsensusvlak.

Hierdie studie is bedoel om 'n bydrae te lewer tot die begrip van kleinsake-ondernemings en die eienaars van kleinsake-ondernemings in Suid-Afrika deur waardevolle insigte te gee oor die kompleksiteit van eienaarsbestuurders. Verder het hierdie navorsing die grondslag gelê vir die ontwikkeling van 'n omvattende bevoegdheidsmodel vir kleinsake-ondernemings en hul eienaars in Suid-Afrika.

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CHAPTER 1: INTRODUCTION AND OBJECTIVES

1.1 Introduction

Organisations operate in a turbulent environment that involves continuous change (Kuratko, Morris & Covin, 2011; Slevin & Covin, 1997). The environment is dynamic, complex and unpredictable (Henning & Theron, 2004). Within this complex environment, organisations operate with a specific objective, that is, to combine the factors of production into products or services that satisfy the needs of society. Organisations are man-made phenomena; they cannot exist without people, which are a vital production factor (Myburgh, 2011).

People have a need to understand and structure situations in meaningful and integrated ways (Cacioppo & Petty, 1982). From this need to understand came the development of different fraternities that committed themselves to the search for greater understanding and explanations in specific fields of interest. One such fraternity is Industrial Psychology.

Industrial Psychology was created as a scientific discipline to address, inform and contribute to finding solutions for important people-related challenges by studying the behaviours in the workplace (Cascio & Aguinis, 2008). The behaviours of people are extremely complex, but despite this, Industrial Psychology has committed to the notion that work-related behaviour can be explained in terms of a complex nomological network of constructs.

To develop explanations of work-related behaviour, Industrial Psychology has committed to the scientific approach in order to understand the complex behaviour of people in an organisational context. Industrial Psychology seeks to develop explanations of the working man's behaviour that can lead to added value through interventions in organisations. Value is added from explanations that are deemed relevant and useful, in that, they contribute to the understanding of organisations and situations, which in turn lead to an increase in the performance and wellbeing of the people in an organisation (Cascio & Arguinis, 2008).

Increased local and international competition, slower growth and declining markets intensify competitive pressure on organisations. This pressure forces companies to continuously seek to add value and cut costs through the people, processes and structures in the organisation (Buyens & De Vos, 2001). Industrial Psychology develops explanations of work-related behaviour which lead to the development of Human Resource Management interventions. The implementation of HRM interventions can add value to the organisation by contributing to a sustained competitive advantage (Paauwe & Boselie, 2005). Paauwe (2009) exhibited how HRM contributes to an increase in performance in numerous ways, both in terms of objective and subjective measures of performance. The greatest contribution is in the direct influence on the employees' behaviours. The value is created in terms of knowledge, skills and the competencies of the people in the organisation that become rare, scarce, inimitable and valuable resources (Paauwe & Boselie, 2005).

Having a competitive advantage which is sustainable increases the likelihood that an organisation will survive or even thrive in the competitive market. The survival and development of an organisation provides numerous benefits to the employees, other stakeholders and to the economy and society. It cannot be assumed that all organisations provide equal contributions; however, it is widely acknowledged that the small business sector is an essential part of any country's economy (Fatoki, 2014; Reijonen, 2008).

1.2 Importance of small businesses

The small enterprise sector plays a vital role in revenue generation, innovation and economic development (Calza & Goedhuys, 2017; Kotey & Meredith, 1997). Johnson and Kuehn (1987, p.53) stated that small businesses constitute the "very lifeblood of our national economy". One contribution which is widely emphasised is that small businesses around the world are a major source of employment (Kamyabi & Devi, 2012; Fatoki, 2014; Makina, Fanta, Mutsonziwa, Khumalo & Maposa, 2015).

South Africa suffers from extremely high unemployment, with the current rate at 29% (Statistics South Africa, 2019). Olawale and Garwe (2010) pointed out that one of the best ways to address unemployment is to leverage the employment creation potential of small businesses. Some have challenged this by arguing that small businesses are often non-employing businesses (Walker & Brown, 2004). While small businesses may not always provide employment in the traditional sense, this argument overlooks the income, and employment, of the small business owner and, in most cases, a few other employees. It is difficult to provide an accurate indication of the level of employment provided by SMMEs in South Africa, with figures ranging from 29% to 61% of employment (Abor & Quarty, 2010; Matarirano, Chiloane-Tsoka & Makina, 2019; Thulo, 2019; Kongolo, 2010). Nonetheless, the significant contribution of small businesses to employment is widely recognised, both locally and internationally (Fatoki, 2014; Han, Benson, Chen & Zhang, 2014; Kamyabi & Devi, 2012; Matarirano et al., 2019).

Accompanying the high unemployment rate in South Africa, is very long durations of unemployment, with a large proportion remaining unemployed for longer than three years (Kingdon & Knight, 2004, 2007). The dependence on small businesses to reduce unemployment has increased due to the failure of the formal and public sector to absorb the growing number of job seekers in South Africa (Cant & Wiid, 2013; Francke & Bennett, 2019; Olawale & Garwe, 2010). When small businesses employ job seekers, they increase the employment income, which in turn stimulates local economic activity, drives wealth and further creation of employment (Wang, Walker & Redmond, 2007).

Leaders at all levels in many different countries have undertaken initiatives to promote small businesses so that the creation and operation of small firms can contribute to poverty alleviation and increase income equality (Abor & Quartey, 2010; Fatoki & Chiliya, 2012; Fatoki, 2014). In addition to the aforementioned, small businesses also generate economic activity in their local communities by making use of local labour and suppliers.

The small enterprise sector contributes to the wider macro economy in numerous ways, other than the reduction of unemployment. Wang et al. (2007, p.6) pointed out that small firms serve "an important seedbed role" for the growth of new industries and the establishment of large firms in the future. They are also seen as catalysts in society that assist in the overall economic growth (Reijonen, 2008). By continuously embodying new technologies, skills, processes or products, small firms allow an economy to be more adaptive (Wang et al., 2007). Some small firms develop new products, services and technologies to compete in the market. This innovation places greater competitive pressures on large and established firms in the market (Olawale & Garwe, 2010).

Not only do small firms help in distributing competitive power in the market (Thurik & Wennekers, 2004), they are also consumers. As consumers they have an opportunity to gain purchasing power and stimulate the activities of their suppliers (Abor & Quartey, 2010). Small firms often operate alongside large firms and through this, they provide important competitive and structural balance to industries that would otherwise be dominated by large organisations (Wang et al., 2007). In some industries, small businesses are more effective at servicing customers than large firms (Kotey & Meredith, 1997). They often occupy fragmented markets or niche markets that large firms cannot easily enter or do not enter, due to the unattractiveness of the market (Wang et al., 2007).

Small businesses play a major role in the wider economy of South Africa, where approximately 91% of formal business entities are SMMEs (Abor & Quartey, 2010). They contribute between 52% and 57% of the GDP (Abor & Quartey, 2010). As small businesses make up the largest business sector in every world economy, governments around the world are promoting SMMEs as a part of their national development strategy (Wang et al., 2007).

Despite the efforts of the South African government to promote small businesses, the creation of new small businesses is low, and the failure rate is one of the highest in the world (Fatoki & Smit, 2011; Neneh & van Zyl, 2017; Olawale & Garwe, 2010; van Eeden, Viviers & Venter, 2003). If small businesses fail to become established, they cannot fulfil their contributions to the economy, society and stakeholders (Olawale & Garwe, 2010). One significant factor that can determine the success and non-closure of a small firm, is the owner of the business (Naqvi, 2011; Stokes & Blackburn, 2002).

1.3 Importance of the owner of a small business

Small firms are not just miniature versions of large businesses (Storey, 2016). One of the distinguishing characteristics is the importance of the owner-manager (Reijonen, 2008). In their investigation, Stokes and Blackburn (2002) found three factors that affect the survival of a small business - the founder, the attributes of the business and the conditions of the business environment (Stokes & Blackburn, 2002). Although it is true that success is affected by several factors, the primary factors affecting success of a small business are the characteristics and behaviour of the owner (Reijonen, 2008).

Given that small business owner-managers are directly involved with the daily operations of the business, it is only logical to assume that most, if not all, decisions are made by the owner-manager (Walker & Brown 2004). Reijonen (2008, p.617) phrased it well by saying that the owner-manager is "omnipresent in every activity of the small firm".

Kotey and Meredith (1997) stated that managers have the greatest influence on the performance of a small firm, especially in a dynamic, unpredictable and changing environment. While researchers agree that there is a need to consider both the organisational factors and the owner-manager in understanding the performance of the business, it is frequently argued that the owner-manager is the most important factor within the firm (Blackburn, Hart & Wainwright, 2013). The owner-manager's commitment, decisions and general management capabilities are instrumental in shaping the performance of a small business (Blackburn, Hart & Wainwright, 2013).

Porter (as cited in Kotey & Meredith, 1997) explained that managers can create and sustain a competitive advantage. By making use of their competitive advantage, owner-managers can become more equipped to deal with the external and internal constraints that affect their business (Kotey & Meredith, 1997). In their research, Walker, Redmond, Webster and Le Clus (2007) noted that the level of performance achieved by the small business is directly related to implementation of the required management practises by the owner-manager. Kotey and Meredith (1997) found evidence that the owner-manager's strategies are related to the performance of the business.

In short, researchers agree on the importance of the owner of a small business and other stakeholders concur. Lenders, such as banks, often use the owner's managerial experience as a criterion for lending (D'Amboise & Muldowney, 1988). Policy makers also attempt to aid small business owners as part of their strategic plans to develop the country's economy (National Planning Commission, 2011). Man, Lau and Chan (2002) reminded researchers that it is more important to facilitate the development of competent business owners in the long run then to directly provide them with resources or a stable and positive marketplace.

If small business owners fail to make their businesses survive and succeed in the marketplace, the business will not be able to fulfil its benefits to the economy and society. With an alarmingly high unemployment rate of 29%, coupled with high levels of crime, income inequality and poverty, South Africa, now more than ever, needs the economic contributions offered by small businesses (Statistics South Africa, 2019). The National Planning Commission (2011) also recognised the importance of small businesses as they called for the development of, and improved support for small businesses in the National Development Plan for South Africa. Considering the high failure rate and low levels of creation of small businesses, the support given to owner-managers needs to equip and encourage them to display the behaviours and use strategies that will contribute to long-term success of their business. It therefore becomes crucial to understand why some small firms are more successful than others.

Research on small business owners has placed great emphasis on developing a personality profile to explain small business success (Farrington, 2012; Owens, Kirwan, Lounsbury, Levy & Gibson, 2013). Possessing certain personality traits, however, does not necessarily mean that the owner will employ the necessary behaviours and activities that lead to success. In their research on small business owners in South Africa Escher, Grabarkiewicz, Frese, van Steekelenburg, Lauwe and Friedrich (2002) found that owners are not restricted by their personalities or abilities, and it is possible to shape one's behaviour to compensate for one's weaknesses and limitations. To address the high failure rates with urgency, it may be of more value to focus on the factors that directly impact on the success factors or business outcomes, that is - the behaviours of a small business owner. This leads to the question: What are the behaviours that enable owners of small businesses to perform successfully?

Research on small business owner competencies has struggled to identify the behaviours that contribute to small business success and has often been criticised for the lack of agreed-upon definitions (Wasilcuk, 2000). Therefore, in addition to identifying the behaviours that contribute to success, this study will also attempt to define the behaviours.

To complicate matters further, "success" for a small business is vastly different from that of a large organisation and there is no agreed-upon definition of small business success (Wasilczuk, 2000). This is because the performance measures of the business are determined by the owner-manager who may have a variety of economic and personal objectives. Understanding the performance measures of a small business is critical to understanding the success of the business (Murphy, Trailer & Hill, 1996). This leads to the question: What are the performance outcomes or success factors of a small business and small business owner, and how are they defined?

The purpose of the study is to understand both the behaviours of the owner-manager and the performance outcomes of both the small business and owner-manager.

1.4 Objectives of the study

- To develop a small business owner competency model.
- To identify the behaviours (competencies) of small business owners required for success.
- To define the behaviours (competencies) of small business owners required for success.
- To identify the performance outcomes or success factors of a small business owner and small businesses.
- To define the performance outcomes or success factors of a small business owner and small business.

1.5 Summary

Small firms play a vital role in stimulating the economy and providing employment opportunities. The high unemployment rate, income inequality and poverty in South Africa means the pressure on small businesses to address these concerns is intensifying. The problem, however, is that the creation of small businesses is low and the failure rate within the first few years of establishment is high. The owner of the business plays the most significant role in determining whether the business will survive and contribute to the economy and society. Consequently, this study aims to uncover the behaviours of small business owners that contribute to success and what success means for a small business and small business owner.

In the next chapter, the factors surrounding small businesses and the owner-manager are examined. Concepts are explained, and through an examination of the literature, proposed performance outcomes and competency clusters are elicited. Chapter 3 covers the methodology that was used to examine the proposed outcomes and competency clusters. Chapter 4 discusses the research results and interpretation of the results and lastly, Chapter 5 concludes the research by discussing the theoretical and practical implications of the research, as well as the limitations of the study.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to identify the behavioural competency clusters and outcomes associated with the success of a small business from existing literature. This chapter starts with an overview on competencies and the practice of competency modelling. This is done as the findings of this study contribute to the development of a competency model.

A description of small businesses is provided, along with the environment in which they operate. The challenges that small business owner-managers face provide insight into the behaviours and outcomes needed to survive in the market. This is followed by an explanation of the concepts related to small business owners. To conclude the chapter, theorised small business outcomes, as well as the proposed competencies are discussed and defined.

2.2 Defining competencies

The term 'competence' is not a new concept and the use of the term dates back over 30 years to the work of Boyatzis (Martin & Staines, 1994). Boyatzis (1982) described job 'competencies' as underlying characteristics that are apparent in different forms of behaviours and actions. Woodruff (as cited in Martin & Staines, 1994) attempted to clear some of the ambiguity by making a distinction between 'competence' and 'competency'. He defined 'competency' as the human inputs and person-orientated variables that people bring to the job, and 'competence' as the task-orientated outcomes that are associated with effective performance (Martin & Staines, 1994).

The criticism that researchers and practitioners lack consensus on the common definitions is warranted. Researchers and practitioners adopted the term competency in an attempt to develop a common term to describe all the behaviours, knowledge, skills and other personal qualities associated with effective job performance (Martin & Staines, 1994). Unfortunately, the term became an umbrella term, covering all human inputs and person characteristics, which increased the ambiguity associated with the term 'competency'.

Researchers often debate about whether competency should be used to represent a combination of knowledge, skills, abilities and other characteristics (KSAOs) or whether it should be used to describe the behaviours and actions through which the KSAOs manifests themselves (Stevens, 2012). It is important for researchers to determine and clarify their standpoint on the different approaches and to identify the focus of the research being undertaken (Martin & Staines, 1994). Schippmann (as cited in Stevens, 2012, p. 6) stated that "competency may have no meaning apart from the particular definition with whom one is speaking". Accordingly, the standpoint and approach of this research to the term competency is outlined below.

This research agrees with Woodruffe's definition where a competency "is a set of behaviour patterns that the incumbent needs to bring to a position in order to perform the tasks and functions with competence" (Jindal-Snape & Naulty, n.d). This definition and approach is used to ensure that the terms and methods used are appropriately aligned with the nature of the study. The study aims to uncover the behaviours which enable small business owners to perform successfully, as well as the outcomes that are needed for the organisation to be successful.

Characteristics such as knowledge, ability and personality factors do not necessarily mean that an owner of a small firm will undertake the necessary activities and display the behaviours needed for success. They may increase the probability that the owner will show behaviours that lead to specific outcomes, however, with the high failure rates it is more important to determine the factors that directly translate into effective business outcomes, than it is to develop a personality profile of the owner-manager. Similarly, Man et al. (2002) used the behavioural approach to competencies because sets of specific behaviours are closer to performance than other person variables and characteristics.

Research on owner-managers of small businesses is done for the specific purpose of providing insight and support for small business owners to assist and contribute to the overall performance of the firm. It is important to be able to provide information and assistance that is relevant and useable. If competencies are viewed and examined from the approach that they are behaviours rather than KSAOs then the competencies are learnable and changeable, and this allows for interventions such as training for small business owners (Man et al., 2002).

2.3 Defining competency modelling

Stevens (2012) observed that there is a lack of extensive examination into what competency models are and how they are developed; as a result, there is some confusion regarding the terminology and the underlying constructs used in competency models. The different views on competencies will determine the factors that are included in the competency model.

Competency modelling was developed by David McClelland over 30 years ago (Campion et al., 2011) and has since become a very popular approach to defining the competencies needed for effective performance in different jobs. SHL developed an innovative competency framework as seen in Figure 2.1, which includes four sets of variables that depicts a model of performance at work.

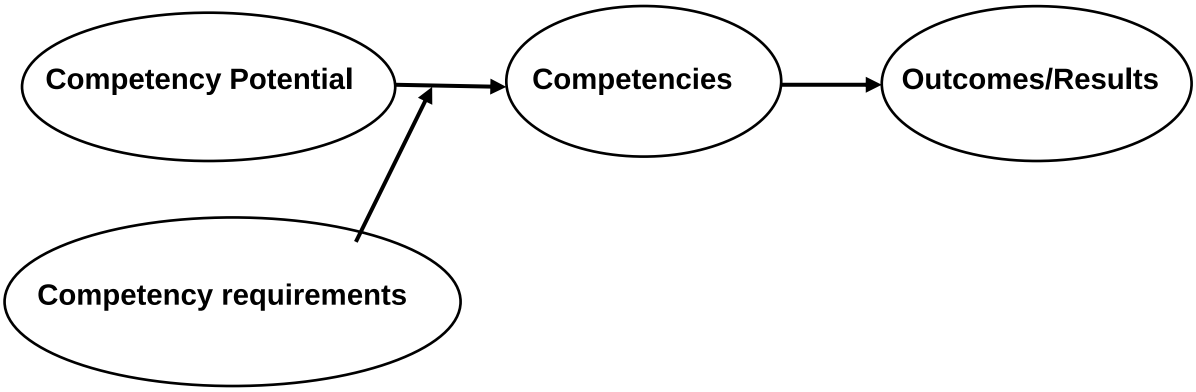


Figure 2.1 Components of a competency model

(Bailey, Bartman & Kurtz, 2001, p.11)

Figure 2.1 shows the four sets of variables included in the SHL competency framework as well as the direction of their relationship. People direct their actions as a result of their intentions and motives (Yeung, 1996). When discussing competencies, these intentions and motivations need to be considered along with the behaviours displayed (Yeung, 1996). The components included in the competency model in Figure 2.1 take all the different elements into consideration to ensure that competencies are not viewed in isolation.

The competency potential is the individual attributes (i.e. personality factors, knowledge, skills, values and aptitudes) that enable a person to produce the desired competencies (Bailet et al., 2001). As the name suggests these individual attributes describe the potential to act in a certain way and it increases the probability that an individual will display the desired competencies.

The individual's ability to produce these desired competencies is either hindered or facilitated by the competency requirements. The competency requirements, also referred to as the situational factors, are often derived from the organisation's strategy. These requirements consist of factors such as specific workplace behavioural demands placed on the individual and instructions received.

Competencies on the other hand are observable behaviours that the individual displays that lead to specific desired outcomes. The results are the intended outcomes of behaviour that have been defined as distinguishing high performers from low performers. One of the major advantages of using a competency model is that it incorporates observable behaviours (Campion et al., 2011).

The use of competency modelling is beneficial to researchers and practitioners as it clearly distinguishes top performers from average performers, includes descriptions of how competencies progress with employee levels and it links in the business strategies and future job requirements (Campion et al., 2011). According to Mansfield (2000) more than half of Fortune 500 companies are using competency modelling.

A competency model can be used to align the HR systems in an organisation, assisting with coaching and training of the job holder; it serves as a measurement of performance and in some cases it has been used to drive organisational change (Campion et al., 2011; Mansfield, 2000). Competency models have numerous benefits and they have even been described as the "Trojan horse for job analysis" (Campion et al., 2011, p.226).

Although there are aspects of a competency model that overlap with a traditional job analysis, a competency model provides an opportunity for several different uses. The job of an owner-manager of a small business is not simple, rather it is a boundary-less job that does not permit the use of a job analysis (Stevens, 2012). Due to the fast pace change and increase in competition in the market, along with globalisation and the need for more flexible and adaptive organisations, the use of competency modelling for research on small businesses has become very popular (Stevens, 2012).

2.4 Understanding a small business

An owner-manager needs to adopt several different roles in their position. A traditional job analysis is not a suitable method to examine the position of a small business owner-manager and similarly research done on large organisations should not be generalised to small businesses. As Martin and Staines (1994) pointed out, it would be a mistake to assume that managerial competencies are the same in large and small organisations and it would not be appropriate to treat a small business as a "smaller version" of a larger business.

Although small and large businesses differ significantly, the most important distinguishing factor that has been widely acknowledged is the importance of the owner-manager and their influence on the activities and performance of the business (Reijonen, 2008). Just as it is not appropriate to assume that small and large businesses are the same, it is also not appropriate to assume that all small businesses are alike (Martin and Staines, 1994). Small businesses are heterogeneous because they are started for a variety of reasons, run by owner-managers who have different goals, aspirations, values and abilities that translate into vastly different internal organisational characteristics (Blackburn et al., 2013).

D'Amboise and Muldowney (1988) pointed out that there have been difficulties regarding the term small business and often researchers have used the term rather loosely. The difficulties stem from the fact that the term covers a variety of different firms and therefore researchers need to explicitly state the parameters of a small business. Small businesses are often categorised as small in size by the number of employees, turnover and profit of the organisation. It is important to distinguish the business in terms of size so that not all organisations are measured against the same standard or benchmark (Spence & Rutherfoord, 2003).

2.4.1 Defining the size of a small business

Different countries use different requirements to judge the size of a business (Johnson & Keuhn (1987). While the criteria used, such as number of employees and annual turnover, may be similar, a flexible and country specific approach should be adopted (Evans et a., 2014). In South Africa small businesses are generally defined by the quantitative and qualitative requirements set out in the National Small Business Act (1996). The Act describes an SME (small and medium enterprise) as "a separate and distinct entity including cooperative enterprises and non-governmental organisations managed by one owner or more, including its branches or subsidiaries if any is predominantly carried out in any sector or sub-sector" (Republic of South Africa, 1996).

Table 2.1 shows five categories defined by their number of employees, annual turnover and gross assets excluding fixed property as set out in the National Small Business Act (1996).

Table 2.1

Definitions of SMMEs given in the National Small Business Act

Enterprise Size	Number of employees	Annual Turnover (R)	Gross Assets, Excluding fixed property
Medium	Fewer than 100, 200 for the mining, electricity, manufacturing and construction sectors	Less than R4 million to R50 million, depending upon the industry	Less than R2 million to R18 million, depending on the industry
Small	Fewer than 50	Less than R2 million to R25 million, depending upon the industry	Less than R2 million to R4.5 million, depending on the industry
Very Small	Fewer than 10, 20 for the mining, electricity, manufacturing and construction sectors	Less than R200 000 to R500 000, depending upon the industry	Less than R150 000 to R500 000, depending on the industry
Micro	Fewer than 5	Less than R150 000	Less than R100 000

(National Small Business Act, 1996)

Table 2.1 depicts the most common categories used; however, the act defines another category. The fifth category of business in South Africa is a survivalist enterprise. A business that falls into this category generates less than the minimum income standard or poverty line and is considered pre-industrial (National Small Business Act, 1996). This usually includes hawkers and venders and this type of business is most often categorised as part of the micro-enterprise sector for practical reasons.

Businesses that fall into the micro enterprise sector typically lack formality in terms of registration and are often referred to as informal businesses (Abor & Quartey, 2010). As the size of the business grows the formality of the business is likely to increase due to legislative requirements, and the business practices become significantly more complex (Covin & Slevin, 1997).

In addition to the definitions provided in the National Small Business Act, the South African tax legislation provides several additional definitions for varying tax purposes (Matarirano et al., 2019). The definition stipulated in the Income Tax Act (1962), as amended, only includes types of companies that require registration with the Companies and Intellectual Property Commission (CIPC), and as such omits to take into account the large number of unregistered businesses in South Africa. We can therefore accept, as Evans et al (2014, p. 456) stated “there is no universally accepted definition of small business”.

2.4.2 Characteristics of small businesses

Small businesses are generally more vulnerable to variations in their economic performance when compared to large organisations (Martin & Staines, 1994). Their vulnerability places greater pressure on the small firms to compete in the market to increase their turnover, profit, market share or number of employees.

The success of a small firm is often measured by hard and objective measures such as turnover, profit, market share and the number of employees (Murphy et al., 1996). It makes sense that the use of hard measures is popular, because subjective measures are harder to quantify and compare. Although hard objective measures are more commonly used, there are those who criticise the use. Walker and Brown (2004) were of the opinion that the use of the number of employees as a measure of success is inappropriate, because small business owners often refrain from employing more people and they may not be motivated to provide employment to people other than immediate family and friends. Whether by objective or subjective measures, it is challenging to determine how successful a small business is. The use of subjective measures requires an understanding of the owner’s motivation, goals and reason for establishing the firm (Kuratko, Hornsby & Naffziger, 1997).

The motivations of the owner-manager impacts the firm in terms of strategies to increase market share, goals for turnover and profit and the number of employees (Kuratko et al., 1997), however, irrespective of the goals of the owner, small businesses do need to be financially viable on some level in order to continue to exist. This means that even if the owner-manager establishes the firm for reasons such as autonomy and control with the intention that the firm remains small, the firm still needs to produce enough turnover to cover the costs of operation.

Many small firms struggle and sometimes fail to exist long enough to become established firms (Watson, Hogarth-Scott & Wilson, 1998). The creation of a new firm can be divided into two phases; the first phase is usually around three months long and is called the start-up phase (Olawale &

Garwe, 2010). After the completion of the start-up phase the firm usually starts to compete and trade in the marketplace; this phase is a period of three to 42 months. During those months the small business is called a new business and only after 42 months does the small business become an established firm (Fatoki, 2014; Olawale & Garwe, 2010).

Due to the high closure rates in the first two years, research on small businesses do not usually include small businesses that have not been in existence and active for less than three years. The age of a small business refers to the days, months or years that the business has been in operation. The age of a small business frequently influences the organisational progress (Blackburn et al., 2013). The organisational progress and pattern may determine the phase that the small business is in. According to Martin and Staines (1994) small firms are regularly stereotyped to be in an innovation phase, however this is not entirely accurate and there are several phases that are unique to a small business.

Dodge and Robbins (1992) conducted a study on the different phases that small businesses pass through and although the problems and challenges cannot be generalised to South African small businesses, the identification of the different stages and the predictable patterns discovered are important to understanding the developmental process of a small business. They identified four general stages: the formation stage, early growth, later growth and stability (Dodge & Robbins, 1992). Each of the stages contains regularities that occur, as well as unique challenges and problems that the owner-manager faces. Dodge and Robbins (1992) pointed out that the activities and structures need to change and that problems that are not addressed will carry over into the next phase, causing more problems for the owner-manager.

The development process of a small business is often dynamic, and management needs to ensure that they make use of the appropriate practices and actions (Covin & Slevin, 1997). The appropriate management practices will depend on a number of factors such as the stage of growth, age and size of the firm, as well as the experience of the owner-manager (Covin & Slevin, 1997; D'Amboise & Muldowney, 1988). Martin and Staines (1994) supported this view in stating that the phase of the business will have implications for the strategy, the management style and the competencies needed.

2.4.3 The environment that impacts the small business

The owner-manager is responsible for establishing the appropriate strategies to tackle the unpredictable and ever-changing external environment (Thompson, Bounds & Goldman, 2012). Due to the need for change and action, management of an organisation has the opportunity to display a proactive approach (Kotey & Meredith, 1997). In a small business, the choice to display a proactive approach to strategy development lies exclusively with the owner-manager (Thompson et al., 2012).Unfortunately, Dodge and Robbins (1992, p. 35) identified that owner-managers do not often take a proactive approach to developing strategies that match the environment needs; rather they adopt the “ostrich with his head in the sand” approach. Covin and Slevin (1997) concurred and explained the “fire-fighting mode” of small business owners, where they address only the most pressing problems, with “band aid” solutions aimed at solving one problem at a time and independently of other, usually relevant, problems.

Due to the high uncertainty of paid employment and the satisfaction derived from being the decision maker, small business owners often embrace the stress and anxiety that is associated with running a small business (Walker & Brown, 2004). According to Kumalo and Kaseeram (2019), there has been an astounding increase in self-employed individuals. If a small business owner embarks on the stressful journey of running a business, then it is important that they consider the external factors that could have an impact on the organisation so that they can adopt the appropriate strategies, develop the needed competencies and take a proactive approach to the environmental demands (Thompson et al., 2012).

There are several factors such as geographical factors, consumer demand, barriers to growth and level of innovativeness in an industry that are to a large extent outside the control of the owner (Reijonen, 2008). In their study, Olawale and Garwe, (2010) identified the challenges that small businesses face in South Africa. Due to the vast number of factors, they created clusters of challenges. The clusters include the economic cluster, market cluster, financial and lastly a management cluster (Olawale & Garwe, 2010). The economic and market cluster are external challenges that are systematic and generally beyond the control of the owner (Fatoki, 2014). The latter clusters, financial and management, are internal challenges that the owner-manager can to some extent control and manipulate (Olawale & Garwe, 2010).

The economic variables consist of challenges such as high interest rates, high taxes, economic recessions, high inflation rate and high exchange rates (Olawale & Garwe, 2010). Factors such as high transport costs and the location of strong competition make up the market cluster (Olawale & Garwe, 2010). D’Amboise and Muldowney (1988) stated that small businesses are more vulnerable to the effects of the environment due to their lack of finance and human resource skills. The owners often spend more time adjusting to the environment rather than predicting or controlling it (Colvin & Slevin, 1997). The business strategy is developed, usually exclusively, by the owner-manager and it is often more important how the owner behaves in these conditions, because the owner can counteract the external weaknesses of the business with internal strengths (Hausman, 2005; Reijonen, 2008; Thompson et al., 2012).

Globalisation and the computer revolution have caused a shift from high capital to knowledge-based activities that create a competitive advantage for organisations (Thurik & Wennekers, 2004). The vast diseconomies of scale and the ever-changing environment call for organisations to be more flexible. Although small businesses are often criticised for their reactive approaches to the environmental factors, numerous researchers agree that small businesses have the opportunity to be more flexible than large organisations and if they are adaptive, they can withstand some of the economic conditions better (Abor & Quartey, 2010).

Blackburn et al. (2013) pointed out that literature on organisation growth suggests that small firms are more flexible, and they are able to take advantage of new opportunities that allow them to grow faster. Due to face-to-face contact with stakeholders, small firms can be more adaptive in terms of adjusting their trading capacity to meet the demands of the environment (Spence & Rutherfoord, 2003). The closeness with consumers, the simple structure and the small size of the organisation mean that an owner-manager can develop stronger relationships with their consumers, suppliers and employees. This will enhance the trust and openness in the relationships, increase flexibility, facilitate innovation and develop a more cooperative business that is more adaptive to external changes.

2.5 Explanation on the concepts related to a small business owner

Several different terms have been used in the past to refer to the owner of a small business. To avoid confusion, researchers have often avoided the use of a specific term and they simply referred to the firm or small business (D'Amboise & Muldowney, 1988). Wang et al. (2007) stated that it is important to differentiate the entrepreneur from the firm and the entrepreneur from the owner-manager. According to D'Amboise and Muldowney (1988), some authors avoid making this distinction and they often use the terms interchangeably. Over and above the terms owner-manager, small firm and entrepreneur there are several other terms that have been used to refer to the person at the centre of a small business, such as an owner, manager, manager-entrepreneur, chief executive and several others (D'Amboise & Mudowney, 1988). To avoid any ambiguity that may arise, it becomes essential to develop a greater understanding of the terms and their uses.

2.5.1 Distinguishing between a small business owner and an entrepreneur

One of the terms that is commonly used to refer to a small business owner is the term entrepreneur. According to Gartner (1990, p. 16), the term entrepreneurship has lost its inherent meaning due to being used as a "label of convenience" and so using the term entrepreneurship or entrepreneur in research does not provide a proper explanation of what will be studied. In his article, Hornaday (1990) emphasised that the term entrepreneur and entrepreneurship is not the correct terminology to use when doing research on small business owners. He stated that the term entrepreneurship was originally used to describe the process of "creative destruction" and therefore it can only be examined from an ex post facto viewpoint (Hornaday, 1990, p. 22).

The term entrepreneurship has progressed further than simply referring to something new or innovative, the term is now also used to describe a cluster of related behaviours. A person who displays entrepreneurial behaviour focuses on opportunities rather than resources and this type of behaviour can happen in a small business, but it can also happen in other organisations (Thurik & Wennekers, 2004). When people in large organisations display entrepreneurial behaviour, it is commonly referred to as corporate entrepreneurship (Sharma & Chrisman, 1991). Kotey and Meredith (1997) found that owner-managers that are successful have a personal value type that is referred to as entrepreneurial.

Müller and Gappisch (2005) conducted a factor analysis on small business owners and identified five "personality types of entrepreneurs". In their research they used the term entrepreneur to describe someone who established the business and actively participates in managing it. On the other hand, the term entrepreneurial has also been used to describe the orientation of the business or owner-manager of a business, in which cases the owner is not automatically assumed to be an entrepreneur (Wiklund & Shepherd, 2004). In their research Stewart, Warren, Carland and Carland (1998) set out to determine what psychological constructs make up an entrepreneur, an owner-manager and a corporate manager.

Stewart et al. (1998) found that not all owner-managers fit the profile of an entrepreneur. The profiles of entrepreneurs, owner-managers and corporate managers are significantly different (Stewart et al, 1998). The entrepreneur's profile showed that they were higher in achievement motivation, risk taking propensity and preference for innovation than the small business owner-manager. Similarly, Carland, Carland, Carland and Pearce (1995) found that only 25% of the small business owners in their study were entrepreneurs and that entrepreneurs are distinct in their risk-taking propensity. Stewart et al. (1998) also pointed out that the psychological factors identified for entrepreneurs do not mean that they will become entrepreneurs and it only indicates that they have the potential for entrepreneurship.

There are also several different types of entrepreneurs that have been identified through research (Woo, Cooper & Dunkelberg, 1991; Müller & Gappisch, 2005). D'Amboise and Muldowney's (1988) research showed that the classification of different types of entrepreneurs is done by examining the different management style they display. They identified a person that is a skilled craftsperson and whose focus is on the quality of their work and their reputation, as a manager-entrepreneur. Woo et al., (1991) on the other hand noted that craftsmen entrepreneurs usually have limited managerial skills and are primarily focused on the technical tasks.

Another contrasting type of entrepreneur to take note of is a serial entrepreneur. Serial entrepreneurs are individuals that have founded and operated multiple start-up companies (Stokes & Blackburn, 2002) and they differ from typical owner-managers. They are risk takers, who thrive on making an impact and they enjoy the early stages of starting a business, but they usually hand over operations to others to manage. They are as Stokes and Blackburn (2002, p. 21) noted a "rather special breed and they are the exception, rather than the norm of business ownership". Serial entrepreneurs or entrepreneurs that continuously seek new opportunities and are not risk adverse fall into the entrepreneurial category of opportunists (Woo et al., 1991).

Entrepreneurship is a type of behaviour that is sometimes displayed in a small business and these small businesses can be vehicles for entrepreneurs who innovate in order to provide new products, processes and services (Thurik & Wennekers, 2004). Small businesses also include franchisees, shopkeepers and people in professional occupations, who do not strive to innovate or display the behaviours typically associated with entrepreneurship. In his book "Entrepreneurship 101", Maluleke (2016) explained that a small business owner, who does not possess the common features of an entrepreneur, will most likely be satisfied with maintaining the status-quo. Entrepreneur and small business owner, however closely related, should not be used interchangeable, especially not in research that focuses on competencies or competency potential.

The terms refer to different types of behaviours displayed and as Stewart et al. (1998) pointed out, they do not possess the same psychological factors. Failure on the part of researchers to use the correct terminology or to provide sufficient information about the concepts and terms used in their research has contributed to the fragmented research on small business owners. In their research published more than 30 year ago, Carland, Hoy, Boulton and Carland (1984) examined the concepts from the original use of the term entrepreneur. They showed that although the concepts are similar, there are clear distinctions between small business and entrepreneurship (Carland et al., 1984). Unfortunately, researchers have continued to use the terms interchangeably and this has contributed to confusion and misunderstandings about small business owners.

To conclude, a small business owner can be an entrepreneur, but an entrepreneur is not necessarily a small business owner.

2.5.2 Understanding the owner-manager

The owner-manager has been identified as one of the major distinguishing factors between a small firm and a large firm (Spence & Rutherfoord, 2003). Not only does the owner-manager deal with the idea creation and implementation, they also need to balance their daily activities between dealing with everyday business tasks and managing the overall business (Spence & Rutherfoord, 2001). Researchers and policy makers have shifted their focus from the small business to the owner-manager. This is because the owner-manager is in control of the decisions regarding the allocation of resources (Spence & Rutherfoord, 2001), the business strategy (Kotey & Meredith, 1997; Lloyd-Reason & Mughan, 2002) and the owner-manager's moral decisions, network and social relationships are intertwined with the business as a whole (Spence & Rutherfoord, 2003).

As Watson et al. (1998) pointed out, it is important to acknowledge the heterogeneity of small business owners. In his research, Hornaday (1990) developed a typology of the owner-managers of small businesses from previous literature. He identified three distinctly different owner types, including the craft, the promoter and the professional manager. The craft owners are motivated to run a firm in which they can do the type of work that they want to do, such as practising a trade, craft or a specific occupation. The type of owner-manager described by Hornaday (1990, p. 27) as the promotor is a small business owner that seeks personal wealth and the professional manager seeks to build up an organisation as to have “something to manage”.

The owner-manager, however, does not have to be confined to a single type, but rather the types have overlapping characteristics, several of which that are shared by the different types of owner-manager. The craft and the professional manager share a loyalty to the firm and to their careers, while the craft and the promoter share a desire for independence and personal control and lastly the professional manager and promoter share a desire for exploitation of innovation and growth (Hornaday, 1990). This typology of the small business owner-manager is useful because it provides a simple way to understand the differing intentions or motives of a small business owner-manager.

The motivations of small business owners are complex as they are usually linked and influenced by the personal life of the owner-manager and their families (Wang et al., 2007). The reasons for starting a small business are closely linked to the motivations and goals of the owner-manager. These reasons can be categorised into push and pull factors. Wasilczuk (2000) found that the motivation for starting a business was very important as it is linked to several aspects of the firm and the owner-manager’s decisions, goals and actions. When categorising the motivations and reasons for starting a small business, the push factors are based on external negative reasons, while the pull factors are based on strong positive internal desires to start a small business (Wang et al., 2007).

When a small business owner starts a new business due to being unemployed, it is considered to be a push factor. Watson et al. (1998) found that in countries with high unemployment levels, it is more difficult to gain employment and because of this the chances of a person starting a new firm as opposed to remaining unemployed or finding another job, is higher. On the other hand, pull factors have been associated with higher growth perspectives (Wasilczuk, 2000; Watson et al., 1998). One very common pull factor is owner-managers who seek independence, autonomy and the desire to be their own boss (Wang et al., 2007). In a market with low job security and high uncertainty about continuation of paid employment, people often seek to be their own boss so that they can have control over their income and employment.

It is inappropriate to view all small business owners as rational economic beings. Several small business owners view intangible goals such as personal satisfaction, autonomy and work flexibility as being more important than business growth (Wang et al., 2007). Wang et al. (2007) pointed out that some owner-managers are even willing to sacrifice financial rewards and growth to achieve their intangible and non-economic goals. The personal abilities and motivations of small business owners often impact their decisions regarding the growth of the firm. These decisions will differ with regard to whether they want to grow their business or whether they are satisfied with maintaining a smaller size where they feel comfortable and they do not have to give up control (Walker & Brown, 2004).

Reijonen (2008) stated that an owner-manager's focus on economic or non-economic goals seems to direct their attention and behaviours towards a measure of success and performance. Wang et al. (2007) identified that an owner-manager's choice to engage in strategic planning is determined by the individual's motivations for being in business. Owner-managers often judge their success, not in terms of hard objective measures, but based on their personal satisfaction derived from their organisation (Reijonen, 2008). It is therefore important to consider the push and pull factors associated with the motivation to start a new firm and to sustain ownership, when attempting to determine the success and performance of a small business or of a small business owner.

Watson et al. (1998) pointed out the importance of acknowledging the heterogeneity of small business owners, as they differ in personal background, experiences, problems, motivations, growth orientation, level of training and numerous other factors. These differences impact the firm as the owner, through their power of ownership and closeness to the daily activities and employees, is at the centre of all the organisation's operations and activities (Kotey & Meredith, 1997).

2.6 An overview of small businesses and owner-managers in South Africa

In addition to the general challenges impacting small businesses and their owners that have been highlighted, it is necessary to clarify the specific challenges, characteristics and support systems in place for the small businesses in South Africa in order to determine the competencies needed. The problems that small business owners face in African countries are different from those in developed countries (Okpara & Wynn, 2007). According to Fatoki and Chiliya (2012) the failure rate of small businesses in South Africa is between 70% to 80%. It is commonly found that small businesses will fail during their infancy stage or within the first few years after start-up (Macleod, as cited in Ladzani & van Vuuren, 2002). Researchers have attempted to identify the reasons for this high failure rate as well as the challenges that small business owner-managers are faced with (Fatoki, 2014; Lussier, 1996). These challenges have the potential to constrain business growth and development. Some of the most common problems are issues concerning finance, training, regulations, lack of support and lack of management's skills and training (Fatoki, 2014; Gaskill, Van Auken & Manning, 1993; Kamyabi & Devi, 2012).

2.6.1 Financial challenges

Writing that focuses on the relationship between finance and small businesses can be divided into two themes: the first theme focuses on the demand side, and the second, on the supply side (Rogerson, 2008). The demand side writings place an emphasis on the importance of finance, access to finance and the financial requirements of the small business sector (Rogerson, 2008).

Olawale and Garwe (2010) found that small business owners cited lack of access to finance as the second highest contributor to failure and the low levels of small business creation in South Africa. Just under 40% of the small businesses included in FinMark Trust's research cited financial issues as the main obstacle they have to overcome when starting up their business (Swart, 2010). The majority of small business owners rely on their personal savings to finance their business (Kongolo, 2010).

In his research, Kongolo (2010) showed that 85.6% of small business owners in Johannesburg and 77.4% of small business owners in Durban stated that they use their personal savings. Several researchers have shown that the use of personal savings or borrowing from friends and family is the most common way in which small businesses obtain the necessary finance to start (Hamilton & Fox, 1998; Rogerson, 2010). The problem, however, is that not all small business owners have personal savings or a network of friends and family that can provide them with the finance to start up their business or to develop their organisation (Binks & Ennew, 1997). Although the problem of accessing finances is relevant to all small business owners, it may be more challenging for owners from the previously disadvantaged groups in South Africa to access personal savings or financial support from family and friends (Rogerson, 2010; Rogerson 2013).

If a small business owner does not have personal savings or friends and family to rely on for finance, then the next likely option is to gain finance from banks (Hamilton & Fox, 1998). Obtaining finance from banks is not an easy task. Firstly, most small business owners do not meet the requirements for loans (Okpara & Wynn, 2007). The Word Bank (as cited in Rogerson, 2010) found that small business owners have issues relating to accessing commercial loans and the related problems include the complex application processes, lack of collateral and lack of credit history. In their research Falkena et al., (as cited in Rodgerson, 2010) found that the previously disadvantaged group often did not have access to traditional debt due to the risk of failure and lack of collateral. FinMark Trust (as cited in Olawale & Garwe, 2010) found that only 2% of South African small business owners were able to access bank loans.

Small businesses in South Africa are often home-based and because these businesses are not acknowledged in official statistics, they have greater difficulties regarding access to bank loans (Abor & Quartey, 2010). Foxcroft (as cited in Olawale & Garwe, 2010), found that 75% of small business applicants are denied bank credit. Even if small business owners gained access to bank loans, they will face challenges relating to the high interest rates, the risk of defaulting and the problems related to inappropriate debt to equity ratios.

Abor (2007) distinctly pointed out the importance of having an appropriate debt to equity ratio for small business owners in South Africa, however determining the ideal ratio is a challenge for small business owners. Another challenge for owner-managers is that they need to ensure that they keep accurate and up-to-date records, manage their cash flow, document their inventory and practice active debtor management (Rogerson, 2008). Small business owners are more likely to have problems developing a long-term relationship with banks, because of their lack of accurate information to present to the bank for a risk evaluation (Binks & Ennew, 1997).

Clearly, access to finance, financial skills and other costs associated with obtaining and maintaining the appropriate levels of finance is a major challenge for small businesses in South Africa (Fatoki, 2014; Rogerson, 2008). Studies have also shown that the demand for finance will vary, not only between businesses, but also during the different phases of small business development (Rogerson, 2008). This means that the owner-manager needs to be able to plan and forecast the amount of capital needed as the business progresses through the different growth and development stages. Mcleod (as cited in Ladzani & van Vuuren, 2002) stated that the failure rate of small businesses can be attributed to the failure of owner-managers to accurately estimate the cost of starting and running the small business.

The second theme is the supply side of finance and this deals with assessing the supply of finance to small business from traditional banks, private businesses and government grants and programmes (Rogerson, 2008). In his investigation, Rogerson (2008) discovered various important problems relating to the supply of finance.

The first relates to traditional banks supplying small businesses with loans and other financial support. As stated before, owner-managers have problems accessing bank loans, but on the other hand the banks need to deal with the high risk of defaulting, high cost of screening applicants and low returns when considering granting a bank loan (Schoombee, 2005). Researchers have also identified that there is a lack of effective communication and good relationships between the financial institutions and small business owners (Han et al., 2014; Rogerson, 2008). The problem is the quality of communication and often banks do not have sufficient understanding of the small business sector. Language and cultural barriers could possibly have a negative effect on the quality of the communication (Rogerson, 2008).

Angela Motsa and Associates (as cited in Rogerson, 2008) stated that banks do not possess the necessary skills set to assess start-ups and small businesses. This was supported by other researchers who stated that the criteria for selection of loans should place greater focus on the potential of a small business owner-manager rather than the innovative concept of the entrepreneur (Rogerson, 2008). Although there are other suppliers of finance for small business owners (i.e.

government grants, investors, etc), the use of personal savings, friends and family and bank loans are the most common forms of obtaining finance. Based on their research, Han et al. (2014) concluded that small businesses do not necessarily fail from a lack of finance, but rather that small businesses fail as a result of the owner's lack of "human capital" to deal with the financial problems.

2.6.2 Issues relating to management skill and training

Lack of managerial experience and skills has been reported as the highest contributor to failure of small businesses in South Africa (Olawale & Garwe, 2010); this is followed by the lack of access to finance. Although lack of finance can be seen as a challenge on its own, the financial gap is often seen as a result of, rather than a cause of, managerial short comings (Kinggundu, 2002). Many small business owners do not want to endure the cost of investing in consulting, advice or other activities to enhance their managerial skills (Abor & Quartey, 2010). Banks screen out the small business owners with minimal managerial competencies and with weak business plans and structures; in this way banks can be a cause and an effect of small business success (Kiggundus, 2002). Small business owners may not have the finances to invest in improving their skills and education, however the other problem is that numerous business owners do not see the importance in upgrading their skills (Abor & Quartey, 2010; Down, 1998).

Problems related to managerial skill are a major challenge for small business in South Africa (Kongolo, 2010). Ladzani and van Vuuren (2002, p.157) stated that training should be seen as one of the "basic requirements of starting and running a business". Small business owners in South Africa need to learn to be able to compete within an increasingly competitive and globalised economy (Rogerson, 2008). Furthermore, small business owners need to learn to deal with the problems related to administration such as financial, personnel, bookkeeping and lack of basic business management experience (Okpara & Wynn, 2007). The owner-managers also need to be able to deal with strategic problems such as effectively matching their products and services to the demands of the external environment (Okpara & Wynn, 2007). The strategic problems further include lack of planning and market research done by small business owners (Okpara & Wynn, 2007).

Small business owners can be trained but the lack of appropriate and desirable training also significantly contributes to the high failure rates (Down, 1998). In his investigation Rogerson (2008) discovered that most of the training that is undertaken is on the job training rather than training that is aligned with the National Qualifications Framework. He also found that informal learning was the dominant way in which knowledge and skills were transferred in the organisation. While it is generally accepted that small business owners have a positive attitude towards training (Down, 1998; Rogerson, 2008), Walker et al. (2007) found that small business owners' attitude is influenced by the relevance of the training and the delivery process.

Although small business owners generally have a positive attitude towards training, they easily question the utility and are particular about the type of training that appeals to them (Down, 1998; Rogerson, 2008). In their study on training for small business owners, Walker et al. (2007) found that they will participate in training where the delivery process is carefully structured to suit their needs and training that is directly applicable to the current situation of their business.

Lack of managerial competence can negatively influence the development and growth of the organisation (Abor & Quartey, 2010). The problems identified include a lack of financial management, marketing, human resource skills, problems related to technical skills needed and lack of information (Fatoki & Chiliya, 2012). In their research, Radipere and van Scheets (2005) found that 90% of South African small business owners included in their sample believed that small business failure can be attributed to the lack of managerial skill. Although training may not be the ultimate solution to all the challenges faced by small business owners, training can contribute to how the owner-managers deal with lack of financial resources, lack of market access and lack of support services (Ladzani & van Vuuren, 2002).

Research by Erasmus and van Dyk (2003) pointed out that a large portion of the small business owners in South Africa lack skills and education, and this is reducing the capacity of the small businesses to grow (Olawale & Garwe, 2010). The World Bank (as cited in Rogerson, 2008) found that government programmes aimed at encouraging training have not been successful. Small business owners are responsible for the success of their business and therefore the responsibility of participating in skills development and training falls to the owner-manager.

2.6.3 Networking and building relationships

As stated before, small business owners have problems developing long term relationships with banks; however they also need to develop relationships with their customers, suppliers and other stakeholders (Han et al., 2014). Kongolo (2010) identified that developing relationships is a critical issue facing owner-managers in South Africa. Owner-managers need to develop and maintain good trusting and cooperative relationships with their employees, consumers, suppliers and the general community to remain in business (Krauss, Frese, Friedrich & Unger, 2007). This is particularly important for businesses in the informal sector and home-based firms (Krauss et al., 2007). It may also be of significant importance to businesses that do not have the capital to invest in elaborate marketing strategies to reach consumers.

Ramachandran and Shah (as cited in Kiggundu, 2002) found that African owner-managers lack joint action and networking. Keeping contract terms is a problem for owner-managers in South Africa (Fatoki & Chiliya, 2012) and this could possibly hamper the developing of relationships and joint activities. In South Africa, small business owners do participate in various joint activities including production, marketing, subcontracting and sharing of resources such as equipment and premises

(Kiggundu, 2002). These joint activities allow small businesses to reduce their costs and keeps them informed about valuable resources and market opportunities.

2.6.4 Challenges relating to investment in technology and cost of production

South African small business owners can gain access to their network and business relationships through the use of technology. The degree of online communication used by owner-managers will differ, and ranges from emails, websites, to video conferencing, online transactions, and voice over internet protocol (VoIP) (Adeniran & Johnston, 2011). Kiggundu (2002) stated that technology is yet another resource that African owner-managers do not sufficiently exploit. He noted that they need assistance with choosing the appropriate technology and information on technological upgrades.

The development of small businesses may be hampered by the lack of equipment and technology and small business owners often face difficulties gaining access to technology or information on technology (Abor & Quartey, 2010). Small business owners do participate in joint activities such as leasing or sharing ownership, however Abor and Quartey (2010) found that only a few participate in these activities. The lack of finance can constrain small business owners from obtaining the needed technology and equipment and their lack of managerial skills can add to the cost of production.

Owner-managers need to be able to monitor their costs carefully, so that they can determine the most efficient ways to produce and sell their products and services. Through careful monitoring, innovative ideas and planning, it is possible for small business owners to reduce wastage and maintain efficient levels of production. This will become more important as larger organisations are more likely to be able to afford to automate various functions that are manually performed in smaller firms. This will result in increased pressure on smaller organisations to improve their efficiency in product or service delivery to remain competitive.

Another major challenge for small business owners is the rising costs of electricity and petroleum in South Africa (Kongolo, 2010). These costs need to be considered when making decisions about production or service delivery methods and investment into technology. In 2019, Eksom implemented a 14% tariff increase, with a minimum increase of 22% planned for the next two years (Daniel, 2019). In addition to the rise in cost, small businesses are faced with productivity loss as a result of interruptions in the supply of electricity (load shedding). Due to the lack of reliance on the Government to supply constant affordable electricity, business owners and individuals are looking for other sources of electricity or ways to reduce their electricity usage. Moreover, the high petroleum prices and strong dependence on road transportation in South Africa means that small businesses need to more efficient in their product and service delivery.

The challenges identified thus far are, to a large extent, internal problems faced by owner-managers. Small business owners are also impacted by external factors in the economy and country. These include the economic and market variables, crime and corruption, the labour market, regulations, support systems, the infrastructure and the general structure and statistics of the country.

2.6.5 The statistics and structure of South Africa

When conducting research on small businesses, it is important to have some information regarding the statistics in the country. However, finding accurate numbers and statistics is a problem (Berry, von Blottnitz, Cassim, Kesper, Rajaratnam & van Seventer, 2002). According to Swart (2010) there are were just under six million small businesses operating in South Africa in 2010 and the information provided by the Department of Trade and Industry showed that in 2002 there were between 1.6 and 3 million SMMEs in South Africa (Berry et al., 2002). This means that either the number of small businesses increased drastically in eight years, or there are inconsistencies in the number of small businesses recorded. The latter is more likely.

Most statistics do not take into account the home-based businesses and the informal sector. It should be noted that from 1996 to 1999, there was a 7% to 26% increase in people employed in the informal sector (Kongolo, 2010). Owner-managers in this sector do not enjoy the benefits of access to financial support, they cannot advertise freely, they are not protected by the law and it is very difficult for them to develop and maintain stable relationships with consumer and suppliers (Krauss et al., 2007). Gaining access to accurate information on small businesses in South Africa is a major challenge, even more so for the informal sector as most businesses are not recorded or registered (Berry et al., 2002)

Regardless of the inconsistencies in the numbers of small businesses operating in South Africa, the small business sector accounts for a large portion of the country’s formal and informal businesses. If the figures reported in Kongolo (2010) are correct, then SMMEs account for approximately 91% of the formal business entities in South Africa, and for almost 60% of employment. The small business sector contributes significantly to the employment and half of all small business owners in FinScope’s survey started their own firm because they could not find alternative employment after being retrenched (Swart, 2010).

Unfortunately, the statistics also show a lack of education among small business owners, as two thirds of small business owners included in FinScope’s survey did not complete secondary school (Swart, 2010). The World Bank data also showed that the black small business owners in Africa have lower levels of education and this proved to be a competitive disadvantage for them (Kiggundu, 2002). Other than the number of small businesses in the country, the education and the contribution to employment, it is also important to consider the location of small businesses in South Africa.

The small business sector location is best divided by urban and rural areas. According to the 2002 information provided by the Department of Trade and Industry, 58% of small businesses operate in urban areas and 42% of the small firms operate in rural areas (Berry et al., 2002). Retailing is the dominant type in the urban areas, while the rural areas have large numbers of manufacturing firms (Abor & Quartey, 2010). Gauteng, the Western Cape and Kwazula Natal are considered urban provinces and the other provinces are considered more rural (Berry et al., 2002).

Small firms in South Africa frequently cluster in high density housing areas that are referred to as industrial hives (Frese et al., 2007). Most of these businesses are not registered on any formal listings and typically include scrap metal merchants, bottle stores, tailors and other trades (Frese et al., 2007). Kiggundu (2002) stated that most small business owners that operate in the rural areas remain poor and are located where the mortality rates are higher. Another major challenge in the rural areas is poor infrastructure, including the banking infrastructure (Berry et al., 2002).

The quality of infrastructure can inhibit and cause problems for small business development (Olawale & Garwe, 2010). Erratic infrastructure is a country-wide problem for small business owners (Fatoki & Chiliya, 2012). With the high cost of petroleum in South Africa and road transport being the dominant form of transport, small businesses face high costs relating to transportation. They also face high costs for basic infrastructure like electricity and telecommunications. Installing telecommunications equipment is a lengthy and often costly process that can impact the daily operations of a small business and electricity cuts can affect the production and turnover (Olawale & Garwe, 2010). Often small businesses do not have the information or finances to invest in equipment to counter electricity cuts or rising costs of electricity and petroleum. Equipment such as generators, inverters and solar panels add to the cost of production.

South Africa is also anecdotally known as the protest capital of the world, with the number of protests increasing (Right2Protest Project, 2017). The reasons for protest action include corruption, unfair labour practices, inequality, access to and the conditions of tertiary education, housing, lack of service delivery, the high crime rates and gender-based violence (Right2Protest Project, 2017). Protest action can impact small firms in several ways including, but not limited to, productivity loss with employees participating in the protests, delays in obtaining supplies or delivering products or services if access to roads are impacted, and rising costs of compliance resulting from more stringent legislation and labour costs.

2.6.6 Government regulation and legislation

Small business owners in South Africa need to obtain registration and licences for their business, pay tax and comply with the legislation of the country (Olawale & Garwe, 2010). Numerous researchers have pointed out that small businesses in South Africa face problems relating to regulatory issues and that these affect the firm's development (Abor & Quartey, 2010). Kinggundu (2002) added that small businesses face problems relating to the local and national politics. The regulations, legislation and political environment should create an environment which is conducive for small businesses.

Accelerated and Shared Growth Initiative for South Africa (ASGISA) (as cited in Rogerson, 2008, p. 62) stated that the mediocre performance of the SMME sector was in part due to the “sub optimal” regulatory environment. Nieuwenhuizen (2019) concurred and pointed out that South Africa has failed in achieving its own objective of providing more support and empowering small business owners. In addition, Nieuwenhuizen (2019) recommended that South Africa’s “Ease of Doing Business Rating” should be altered to accurately represent the legislative challenges that business owners face. Kongolo (2010) stated that the regulation and bureaucracy practices favour the large organisations and provides incentive to small business owners to operate informally or illegally.

Matarirano et al (2019) argued that the tax compliance costs place a heavier burden on small businesses as the owner-manager, who is required to perform multiple functions in the organisation, must be familiar with the legislative requirements and either outsource compliance or spend a substantial amount of time on paper work to comply. Small business owners may risk not complying with the legislation because of the time and cost involved. On the other hand, they may attempt to comply but fall short due to the complexity of compliance.

Compliance can also directly impact the owner’s decision to grow the business as some small businesses may decide to keep their turnover rate or number of employees low to avoid the regulatory requirements associated with being VAT registered, the Employment Equity Plans report requirements and Skills Development Levy Legislation. Most small firms are labour intensive (Abor & Quartey, 2010) and therefore they need to be able to comply with the appropriate labour legislation. Labour legislation in South Africa is regarded a serious inhibiting factor for small businesses (Nieuwenhuizen, 2019).

The labour regulations were already regarded as serious challenges for small businesses in South Africa before 2019 (Nieuwenhuizen, 2019). In January of 2019, South Africa implemented a national minimum wage for the first time (National Minimum Wage Act, 2018). According to the national senior commissioner for dispute prevention and training at the Commission for Conciliation, Mediation and Arbitration (CCMA), the CCMA saw a substantial increase in referrals after the implementation of the national minimum wage (Barron, 2019). The increased referrals were for noncompliance with the national minimum wage, as well as retrenchments associated with the increase in labour costs (Barron, 2019). This provides an indication that businesses are struggling to comply with the labour legislation. If the regulatory environment is too stringent, it will inhibit growth of small firms and it may also deter the creation of new organisations.

2.6.7 Crime and corruption

The regulatory environment could lead to small business owners not complying with the regulation and legislation, but on the other hand the owner-managers are also impacted by the crime and corruption in South Africa. Drugs and Crime (as cited in Olawale & Garwe, 2010) pointed out that

South Africa is one of the most murderous nations. Murder, theft, xenophobia and corruption are all likely to impact the small business owner. Okpara and Wynn (2007) phrased it perfectly by stating that practically all countries in Africa have their own versions of corruption, but they come at a great cost to the entrepreneurs, the economy and the society.

Corruption is a problem that is usually linked to the regulatory compliance and bureaucracy (Olawale & Garwe, 2010). Small business owners often do not possess enough bargaining power, and this may influence their decision to accept requests for unofficial payments and similar solicitations (Olawale & Garwe, 2010). The World Bank found that approximately 70% of small business owners perceived that corruption hinders their business operations (Olawale & Garwe, 2010).

Fatoki and Chiliya (2012) focused on the problems related to xenophobia and they found that xenophobia is not only directed at foreigners searching for work, but also at foreigners who operate businesses in South Africa and this can impact their sense of belonging, which in turn can affect their attitude towards corporate social responsibility (CSR).

In their research Olawale and Garwe (2010) cited numerous researchers who discussed the issue of crime in South Africa. They found that robberies on small businesses premises is a big problem and that the owners often shifted their focus from strategic issues to operational matters due to the high crime rate. The high crime rate also impacts the small business owners indirectly, because they have to invest in security measures and equipment. Because crime and corruption are a country-wide problem, it is often overlooked in research on small businesses. Nonetheless, Sitharam and Hoque (2016) found that 88.89% of the 74 SME owners included in their study reported that crime and corruption in South Africa has a major impact on their business performance.

The impact of crime and corruption on small business performance can be direct in the form of theft and fraud (Sitharam & Hoque, 2016), as well as indirect. A possible indirect effect could be the loss of skilled and knowledgeable employees to other countries. Crime and corruption can also have an impact on the owner-managers decisions, such as choosing a location to avoid high crime areas. Moreover, corruption in the country negatively impacts on foreign direct investments, which could impact on small businesses (Mosikari & Eita, 2018).

2.6.8 Government and other support services

For more than a decade, policy discussions have included issues concerning finance, training and regulation in the search to find ways to improve the development of the SMME sector (Rogerson, 2008). In 1996 the National Small Business Act (amended in 2004) was passed with the aim of providing a strategy to assist in the development of SMMEs; the strategy aimed to address the common problems faced by SMMEs, including the lack of access to finance and credit, the unfavourable legal environment, the lack of access to information, the lack of access to markets and procurement, and the shortage of effective support institutions (Swart, 2010).

Kongolo (2010) stated that most developing countries in Africa struggle to create and support viable small businesses, and that South African policies and programmes to support the development of small businesses are a vital part of the democratic government’s strategy to improve the general living for all. The Department of Trade and Industry (DTI) integrated small business development into their strategy (Rogerson, 2008), aimed at enhancing access to finance, improving skills acquisition and the facilitation of development through a conducive and appropriate regulatory environment (Rogerson, 2008).

Macleod (as cited in Ladzani & van Vurren, 2002) observed that the education systems in South Africa did not focus on entrepreneurship in education or training until the early 1990s. Since the early 1990s numerous government initiatives have been aimed at training and skills improvement for small business owners. Abor and Quartey (2010) believed that one of the problems with the support service provided to small business owners is that they lack managerial solutions that are practical and cost effective for small businesses. Ntsika is one of the institutions that provides non-financial support such as management development, marketing and business development services (Swart, 2010).

The Small Enterprise Development Agency (SEDA) was established in 2004; through the National Small Business Amendment Act 29 of 2004, the Agency implements the government’s small business strategy and has designed and implemented a common national delivery network for small enterprise development (Swart, 2010). In addition, the Agency also integrates other small enterprise support agencies that are funded by government (Swart, 2010).

There are several examples of support agencies, including initiatives that are aimed at specific sectors and industries, such as the very successful NAMAC (National Manufacturing Advisory Centres), Tourism Enterprise Programme and FRAIN (Franchise Advice and Information Network). Anglo Zimele, another initiative, was established specifically to empower black entrepreneurs through the creation and transformation of small businesses and acts as a catalyst for emerging black business owners by providing loans and equity finance (Swart, 2010).

The DTI created an online initiative known as BRAIN (Business Referral and Information Network) that provides small business owners with basic information and other essential services (Swart, 2010). Several of the support agencies are private, such as Anglo Zimele and the business place that was established by Investec Bank as a walk-in centre for entrepreneurs that provides information services (Swart, 2010).

There are numerous government and private agencies that seek to provide support for small business owners, however the problem is most small business owners are either not aware of the organisations or they do not use them. The FinMarkey survey found that in 2010, 76% of small business owners in the study could not name any of the organisations that provide support and 94% had never used any of the support services offered (Abor & Quartey, 2010). This could be attributed to a number of reasons. Possibly, as Abor and Quartey (2010) pointed out, the support offered is not cost effective or the owners do not actively seek out support. It is the responsibility of the agencies to provide the needed support for small business owners and owner-managers have the responsibility of developing the needed competencies to compete in the marketplace and to create and operate their business successfully.

Watson et al. (1998) pointed out the economic, political and social environment will affect the performance of a small business and although an enabling environment is necessary, it is not sufficient to sustain changes to the behaviours and performance of small business owners (Kinggundu, 2002). The survival and the success of a small business depend largely on the way in which the small business interacts with the environment (D'Amboise & Muldowney, 1988).

2.7 The competency potential of small business owners

Extensive research has been done on identifying the competency potential of owner-managers - the individual attributes that enable the owner-manager to produce the desired behaviours (competencies) that will contribute to the attainment of specific desirable outcomes (Bartram, 2012). These individual attributes include factors such as personality, education, skills, values and other personal variables. Researchers have often focused on the competency potential factors because the possession of these factors increases the probability that an individual will display the desired competencies. As mentioned in Chapter 2, researchers have unfortunately neglected the competencies and their research has instead focused on the direct links between competency potential and outcomes.

Some researchers focused on the demographic variables that are associated with small business success - age, race, ethnicity and gender, in an attempt to determine patterns that relate to successful small business ventures. Greenbank (2006) focused on the social class and social background of small business owners. On the other hand, Praag (2003) focused on age and experience as determinants of small business survival and success. As Kiggundu (2002) pointed out the predictive validity of demographic variables are unstable over time and therefore, they should not be used to determine the success of a small business owner.

In his research on small business owners in Poland, Wasilczuk (2000, p. 93) found that owner-managers with higher levels of education were found to possess "higher growth perspectives". Past research has also revealed that owners with low levels of education were less successful than those with higher levels of education (Kiggundu, 2002). Kiggundu (2002) noted that one solution to the competitive disadvantage of having lower levels of education is to develop the concept of "entrepreneurial competency" through training, work experience and other development initiatives.

Previous experience in management and ownership has also been linked to increased performance of small businesses. Dyke, Fischer and Reuber (1992) did not find a positive relationship between education and improved performance, but they did find that previous management experience was positively related to financial measures of performance. In their research Fairlie and Robb (2007) found that success was strongly correlated with prior work experience in a family member's business. Experience in starting up a business has been cited as contributing to performance (Luk, 1996) and Martin and Staines (1994) found that small business owners agreed that experience in their industry of operation was an important factor for success.

Previous experience with starting a business and managing a business or experience in the industry of operation appears to be an important factor in determining the factors that lead to an increase in small business performance. The possibility does however exist that the relationship between experience and performance is country specific. In his research on Polish small business owners, Wasilczuk (2000) found that previous managerial experience was associated with growth in small businesses, while Acar (1993) in his research on Turkish small business owners found that an owner's experience was not significantly related to the performance differentials used. On the other hand, the contradictions may be caused by the different measures of performance used. Wasilczuk (2000) used overall growth as a performance measure and Dyke et al. (1992) made use of financial indicators, while Acar (1993) focused specifically on sales performance.

Another approach that researchers have taken, is to examine the effect of personal variables on small business performance. Rauch and Frese (2007) determined that small business owners' personality is positively related to business success and creation. According to the research done by Kiggundu (2002), more than twenty personal traits have been identified in literature that link to the "entrepreneurial success" of small business owners in Africa. Krauss et al. (2007) focused on developing the concept of entrepreneurial orientation (EO) and identified how the components of EO link to business performance. They found a significantly positive relationship between EO and business performance and noted that the most important components were the owner's achievement orientation and personal initiative (Krauss et al., 2007). Support for this was found in Kiggundu's (2002) research, where he identified that psychological variables such as innovativeness, autonomy and entrepreneurial orientation have been used in the past to distinguish between successful and less successful small business owners.

Farrington (2012) used the five-factor model to examine the success of small business owners in South Africa and found that owners who are high on extraversion, conscientiousness and openness to experience are more likely to have successful businesses. Business success was measured using profit, financial indicators, growth (turnover and profit) and number of employees (Farrington, 2012). Rauch and Frese (2007) were of the opinion that personality traits play an important role in research done on small businesses, while Kiggundu (2002, p. 240) pointed out that researchers are still continuing to debate whether demographic factors, external factors or psychological variables are the best determinants of “entrepreneurial behaviour and performance”.

With the urgency required to address the current small business failure and low creation rates, it may be more valuable to focus on behaviours that directly impact on the outcomes, rather than potential factors that could impact on the performance outcomes. Small business owners are an extremely heterogeneous group who start and manage a business for a variety of reasons. These reasons could be tied to their motives, ambitions and values, but also their economic circumstances, such as unemployment. These motives will not only impact the behaviours of the business owner, but it will also their business and personal goals, or what they deem success in their business.

2.8 Proposed performance outcomes

One of the most defining aspects of a small business is the omnipresence of the owner-manager. Ownership and management in large organisations are usually separated (LeCornu, McMahon, Forsaith & Stanger, 1996). This means that management needs to focus on maximising shareholders wealth, while owner-managers are free to pursue goals that do not relate to wealth creation (LeCornu et al., 1996). Making use of profit maximisation as a performance measure is underpinned in the orthodox theory (Jarvis, Curran, Kitching & Lightfoot, 2000). This theory assumes that an organisation’s main objective is to maximise profit (Jarvis et al., 2000). This theory does not apply to small business owners, as the performance measures used for small businesses should be diverse enough to encompass the goals and values of the owner-manager. It would be highly inappropriate to regard the performance measures of large organisations as appropriate for small businesses (Thompson et al., 2012). Small business performance measures need to take into account the human dimension of the owner-manager (Keats & Bracker, 1988; Morrison, Breen & Ali, 2003).

In the research done on small businesses, the terms performance and success are often used interchangeably (Reijonen & Komppula, 2007). Growth, while also being closely linked to the terms performance and success, has more often been used as a measure of performance or success (Chong, 2008; Reijonen & Komppula, 2007). Performance is often associated with results achieved or tasks accomplished in relation to some predetermined and known standard. The performance of a small firm needs to be measured in relation to the objectives of the organisation (Jarvis et al., 2000). The personal motivations and goals of the owner-manager become the objectives of the firm (LeCornu et al., 1996).

The performance measures of small firms attempt to determine the extent to which the objectives of the business are being met (Jarvis et al., 2000). The achievement of these organisational goals, as determined by the owner-manager, will then constitute success. LeCornu et al. (1996) pointed out that it is not likely that an owner-manager will have one overriding objective such as profit maximisation, but rather numerous objectives that are complexly interlinked and dynamic (Jarvis et al., 2000). Determining the performance measures for a small business is a challenging task. This is because the objectives of the firm are determined by the owner-manager who has the freedom to pursue a number of different goals based on his/her value system, motives and ambitions. The owner-manager determines the goals against which the performance is measured and is also responsible to the organisation's achievement of those goals.

The following sections will detail the proposed outcomes informed from literature on the topic and an examination of the personal element of the owner-manager, as well as the internal and external challenges that small businesses face in South Africa.

2.8.1 Survival and continuation

Survival and continuation may seem self-explanatory and almost too obvious to include as a performance outcome, yet some business (or owner-manager) exits are still viewed as successful. When discussing small businesses, it is important to note that equating closure and failure is inappropriate (Bates, 2005; Everett & Watson, 1998). A small business owner can voluntary discontinue operations and this will constitute as the closing of the business (Bates, 2005). An owner of a small business is likely to discontinue operations when a more attractive alternative arises, and this decision may be made at a time when the business is successful (Bates, 2005; Everett & Watson, 1998; Parker, 2000).

As Praag (2003) pointed out, only compulsory exits, where the business is forced to close, should be regarded as failure or lack of success. According to Fatoki (2014), the measure of failure in South Africa is the statistics of businesses that have been liquidated or that have been declared (legally) as insolvent. This strict view of failure, however, may skew the statistics, as some businesses may not be legally declared insolvent by the Court, but for all practical purposes the business could no longer to continue to operate or cover its expenses. Therefore, in this paper, failure of a small business implies that the business could no longer feasibly remain in operation.

Coad (2014m p. 728) disagreed with the use of the term 'failure' altogether and criticised it for being value-laden and stated that "the word 'failure' implies that the firms' entire existence was a meaningless waste of time". As an alternative, Coad (2014, p. 729) proposed the use of the term 'death' to give the perspective that "it was good while it lasted". Coad (2014) offers a valid point, but the term 'failure' will be used in this study because it is more widely understood than the term 'death of a business'.

The failure rate of small businesses in South Africa is alarmingly high (Fatoki & Chiliya, 2012). This means that owner-managers need to be aware that a very real possibility exists of business failure and they need to continuously strive to continue operations. The survival and continuation of small businesses is not often mentioned as a performance indicator, however, due to the high failure rates researchers only include firms that have been in existence for longer than two or three years in their sample (Praag, 2003). In their research Gorgievski, Ascalon and Stephan (2011) described survival as a success criterion where the businesses continue to trade in goods and services or a business that can be sold for a profit at a later stage. Jarvis et al. (2000) noted that small businesses often focus on survival and maintenance as opposed to the objective of wealth creation.

Survival and continuation of operations are not only an important objective for the small business owner, it is also of great importance to lenders (banks and other financial providers), the government and the people that depend on the firm for products, services or employment.

2.8.2 Profit

For a small firm to survive, the organisation needs to be financially viable on some level. This means that the organisation needs to produce profit. Profit as a measure of small business success is frequently used by researchers (Reijonen & Komppula, 2007). Robinson (1982) examined the performance of small businesses by looking at the net profit and Ascar (1993) determined the profit margins and cost structures by making use of the firm's financial statements.

Making use of hard measures like profit is often preferred by researchers because they are easier to measure relative to subjective measures. Georgellis, Joyce and Woods (2000) found the opposite to be true. They believed that the use of subjective measures of performance is preferable as owner-managers cannot usually provide reliable and accurate financial statements and information (Georgellis, 2000). Hartenian and Gubmundson (2000) overcame this problem by utilizing self-reported measures that make use of percentages as opposed to absolute figures. They reported that self-reported measures correlate highly with secondary data on performance of small business owners and that this approach is frequently used by others in literature (Hartenian & Gubmundson, 2000). Krauss et al. (2007) made use of percentage changes in profit as a performance measure. Using percentage changes in profit is not uncommon nor is it inappropriate, however, the focus of this outcome is on absolute profit; a percentage change of profit is more representative of growth.

According to Jarvis et al. (2000), it is inappropriate to focus on profit because owner-managers do not frequently determine their success based on the increase in profit. Reijonen and Komppula (2007, p.698) found that owner-managers were less concerned with profits and more concerned with "making a living". Be that as it may, the owner-manager will only be able to earn an income if the business is profitable.

2.8.3 Growth

One of the most frequently used performance measures for small business success is growth. According to Reijonen and Komppula (2007), growth is determined by the size of the organisation.

They postulated that the size of the organisation is determined by examining the changes in different factors of the firm. Robinson (1982) determined growth by the percentage increase in sales, while Blackburn et al. (2013) examined the changes for the previous three years in terms of employment, turnover and profitability. Neneh and van Zyl (2014) found that small business owners prefer to measure their growth in terms of sales growth. Surprisingly, Neneh and van Zyl (2014) also found that owners' growth intentions do not correlate with employment in South Africa. Fatoki (2013) advocated for the use of employment growth as a performance measure due to the urgent need for job creation in South Africa.

Miller and Besser (2000) postulated that the values of an owner-manager will impact the approach to the market and determine the strategy of the organisation. According to the research done by Gorgievski et al. (2011), owner-managers who value achievement and power (self-enhancing value orientation) will be more likely to pursue business growth. Owner-managers may want to refrain from increasing the size of the business in order to remain in control of all aspects of the business; however, to disregard growth as an outcome would be inappropriate. Growth represented by an increase in sales or consumers could be a necessary outcome to survive in a competitive market. Gorgievski et al. (2011) pointed out that some owner-managers place great importance on contributing to society and they may want to grow the business to provide employment and wealth to their community. Similarly, Welsch, Price and Stoica (2013) established that owners of small businesses are more concerned with survival of the business rather than growth. Owners may also choose to avoid the increased complexity that comes with growth (Covin & Slevin, 1997).

An owner-manager may pursue growth to survive in the market, to contribute to society, to increase their "power" or to improve their market position as a way to maximise profitability. Growth as the only performance measure would be inappropriate as it would not capture the complexity of the owner-manager. However, growth is an important outcome and when combined with other outcomes, it provides valuable information.

2.8.4 Market performance

According to Jarvis et al. (2000), it is important to ensure that the performance measures used are linked. Market performance is closely linked to the outcome of growth, profitability and survival. Some researchers have made use of an increase in customers, market share and distribution as an indication of growth (Gorgievski et al., 2011). The changes in customers, market value, market share and distribution could also be used to indicate the performance of a small business in the market. Marketing has been acknowledged as being an important aspect of a firm's survival and growth (Huang & Brown, 1999). This means that an outcome measuring the achievement of marketing goals is valuable.

Verhees and Meulenberg (2004) made use of the relative product price (RPP) and product assortment attractiveness (PPA) as performance measures for owner-managers. The RPP and PPA can be used as market performance indicators. Escher et al. (2002) took a more subjective approach by asking owner-managers to rate their success relative to that of their competitors. In their performance index Henning, Theron and Spangenberg (2004) included market share, competitive standing, diversity of products and services, customer satisfaction and reputation as measures of a unit's market standing.

Man et al. (2002) noted that market share, profit, growth and duration of operation were all indicators of competitiveness. An owner-manager might not be able to use extensive market data to determine their competitiveness, but due to their close proximity to their consumers they will have better access to information on customer satisfaction. According to Gorgievski et al. (2011), owner-managers rank customer satisfaction as an important success criterion. The research done by Reijonen (2008) was in support of this view as they discovered the owner-managers often perceive their success in terms of the respect and satisfaction of their consumers. Owner-managers have been found to place high value on pride in their work (Walker & Brown, 2004) and social recognition and therefore they are likely to aim for high levels of customer satisfaction and recognition in the market (Kotey & Meredith, 1997).

Another, simpler way in which owner-managers can assess their performance in the market is to look at the number of customers and contracts (Reijonen & Komppula, 2007). Jarvis et al. (2000) referred to this in a different way, by stating that owner-managers measure their success on their "busyness". According to Jarvis et al. (2000), owner-managers will interpret being busy as the result of their hard work, talent and determination. In this the owner-manager is achieving the objective of pride in his/her work and an increase in consumers. The outcome of market performance can be determined by the use of hard measures such as market share and an increase in sales and market performance can represent the subjective objectives of the owner-manager by examining the reputation, customer satisfaction and pride derived from being busy.

2.8.5 Human resources

According to Huang and Brown (1999), human resource management is among the frequently cited problems faced by small business owners. The extent to which owner-managers are achieving success in relation to their human resources is not commonly found in literature. Gorgievski et al. (2011) used employee satisfaction as a success criterion, however they coupled it with customer satisfaction to determine the overall stakeholder satisfaction.

Mazzarol (2003) pointed out that owner-managers have to be able to manage their human resources. This includes compliance with labour regulation, ensuring that the business is attracting and retaining talented employees, industrial relations, remuneration, career management and training and development of the employees (Mazzarol, 2003). It is important to examine the extent to which owner-managers are achieving high performance with regard to their employees and compliance with labour legislation.

In their research Henning et al. (2004), used employee satisfaction as a performance dimension for business units. This performance dimension also included the outcomes of leaders, such as the trust and acceptance of the leader (Henning et al., 2004). An owner-manager is the leader of their organisation and therefore it would be valuable to examine the leadership outcomes. These leadership outcomes and the owner-managers emphasis on human resources management will be reflected in the human capital of the organisation, employee satisfaction, employee commitment and low levels of employee turnover.

2.8.6 Production and productivity

Employee productivity can be also be used in the production outcome as several of the outcomes are linked and have overlapping factors. The production outcome does, however, go beyond employee productivity to include the physical assets of the organisation, supply chains and the cost effectiveness of the organisation's operations.

Production has been found to be an important performance measure in small businesses in the manufacturing sector (Reynolds, Fourie & Erasmus, 2019). Henning et al. (2004) used productivity and efficiency as a performance dimension for a business unit's performance. They stated that this dimension referred to meeting goals in terms of the quantitative outputs, the quality of outputs, cost effectiveness and task performance. In his research on small businesses, Ascar (1993) examined the production of small businesses in terms of the quality of products, the reputation of the firm in the industry and the reduction of operating costs. On the other hand, Kotey and Meredith (1997) included the selection of appropriate and cost saving suppliers, the technological capabilities and the overall levels of efficiency. According to Jarvis et al. (2000, p. 129), owner-managers make use of more "intuitive measures of quality". They do not place great emphasis on some formal standard of quality, and they prefer to make their own subjective assessments about the quality of output produces (Jarvis et al., 2000).

A small business needs to produce the right number of products, with the right level of quality in a manner that is cost effective for the organisation. Ensuring that the production is cost effective implies the use of appropriate suppliers, raw materials, employees and technology. The organisation's success on the production and productivity outcome can be examined by hard measures such as the return on investment, the value of the assets, productivity levels, cost of operations and other financial measures. The production and productivity outcome can also be examined from a subjective approach by determining the customer's satisfaction with the quality, the levels of wasted or defected products and the procedures with which the products are produced and distributed.

2.8.7 Contribution to the community and a sustained environment

In their study, Kotey and Meredith (1997) found that there are small business owners who value their contribution to society above their profitability. Gorgievski et al. (2011) also pointed out that owner-managers use their contribution to society as a success criterion. In their research they postulated that contributing to society entails having sustainable production methods and being socially conscious (Gorgievski, 2011). According to Revell, Stokes and Chen (2010), small business owners are becoming more aware of the business benefits that can be derived from using production methods and operating in a manner that contributes to a sustained environment. Although the contribution to the community and a sustained environment may be pursued for business reasons, they may also be pursued for personal reasons. Contributions to the community and a sustained environment are included as owner-manager outcomes as they and other stakeholders use them as success criteria.

2.8.8 Owner-manager personal outcomes

Owner-managers pursue a wide range of objectives (Jarvis et al., 2000), more often than not, related more to personal satisfaction than with the financial performance of the business. According to Gorgievski et al. (2011), owner-managers rank their personal satisfaction as the most important success criterion. In accordance with this view, Walker and Brown (2004) stated that personal satisfaction and other non-financial lifestyle criteria were of greater value to the owner-manager relative to profit maximisation.

Although researchers have often used the owner-managers perception of success as a performance measure, they do not frequently use the owner-managers level of satisfaction as a success criterion. Escher et al. (2002) determined small business success by asking owner-managers to rate their own success. This method of determining success is frequently found in literature on small businesses. While not inappropriate to examine the owner-managers perception of success, it is also important to consider the extent to which they are achieving their personal objectives.

Verhees and Meulenberg (2004) used job satisfaction as a performance criterion for small businesses. According to Gorgievski et al. (2011), the owner-managers satisfaction represents the extent to which they are attaining things that are important to them. Good work-life balance, flexibility, autonomy, power and pride are all of great importance to owner-managers (Walker & Brown, 2004). It is common to find owner-managers that operate a business as a result of being retrenched from their previous position and therefore they value having job security and knowing that they have control over their employment (Gorgievski et al., 2011).

The subjective measures of performance such as personal satisfaction and autonomy are harder to quantify; however, this does not mean that they should not be included in the outcomes for owner-managers (Reijonen & Komppula, 2007). Reijonen (2008) found that owner-managers are motivated to achieve goals that related to their personal satisfaction, such as their quality of life, flexibility and autonomy. It was also found that owner-managers measure their success by what they bring to the business (Jarvis et al., 2000). Having challenging work and applying their creativity is also of great importance to the owner-manager (Gorgievski et al., 2011). All of these factors can be used as owner-manager outcomes, as they are important to owner-managers and they represent objectives that they pursue.

2.9. Owner-manager competencies

This research focuses on the outcomes and the competencies as they are observable, measureable and represent job performance. According to Jarvis et al. (2000), models that examine owner-managers need to express behaviours that are applicable and relevant to the situation and goals of the owner-manager. The goals of the owner-manager have been identified in the outcomes and the situation has been identified in the challenges they face. The proposed competencies are developed and expanded on from previous literature, the goals of owner-managers and the situations in which small businesses operate.

2.9.1 Managerial competencies

While managers in large organisations take on managerial tasks such as planning, organising, controlling and leading as part of their position, an owner-manager also needs to express managerial competencies before the organisation is established. Luk (1996) found that previous research has shown that it is vital for an owner-manager to have a clear business idea. This business idea is then further developed by the owner-manager who also registers the business. According to Frese et al. (2007), having a registered business in the formal sector as opposed to operating in the informal sector is related to other desired managerial behaviours and ultimately the success of the firm.

In his study, Attahir (1995, p. 69) referred to “good management”. He stated that “good management” comprises specific behaviours that owner-managers need to display (Attahir, 1995, p. 69). Developing a good business plan was one of the behaviours that he referred to. An owner-manager needs to have a good business concept that he develops and formally documents as a business plan. This is then used to gain support from external parties (e.g. banks) and to guide the behaviours of the owner-manager during the establishment phase. In their research, Blackburn et al. (2013) found that having a written business plan was associated with several small business performance dimensions. According to Kiggungu (2000), organising and presenting ideas in a logical manner assists the owner-manager in obtaining success. This is possibly due to the external and internal support obtained from a good presentation and communication. Olwale and Garwe (2010) stated that it is important for owner-managers to have business plans that include information on the projected cash flow requirements, the operational plan and that the plan should demonstrate how the business is viable and sustainable. They noted that owner-managers need a sound business plan to secure the required debt finance (Olwale & Garwe, 2010).

According to Ladzani and van Vuuren (2002, p. 156), having "business skills" entails developing and formulating a business plan as well as financial, marketing, and other management behaviours. They believed that displaying the behaviours associated with business skills along with motivation and entrepreneurial skills is likely to lead to an increase in small business performance. The managerial competency cluster, however, only focuses on the general managerial behaviours displayed by owner-managers. Financial, marketing, HR and entrepreneurial behaviours will be covered in more detail in subsequent competencies. From the work of Ladzani and van Vuuren (2002), as well as other cited researchers, it is clear that owner-managers need to have a well-defined business concept that is communicated and presented in a logical manner, register their business and develop a sound business plan. This research postulates that those behaviours form part of the managerial competencies of an owner-manager.

Sadler-Smith, Hampson, Chaston and Badger (2003) stated that an owner-manager displays "generic managerial behaviours", that include managing aspects of the organisation. An owner-manager needs to obtain the necessary resources, deploy the resources effectively and organise and manage the processes of the business (Attahir, 1995). Man et al. (2002, p. 132) referred to a similar set of behaviours as "organising competencies". In their study Man, Lau & Snape (2008) stated that organising competencies comprised of behaviours related to organising the resources of the organisation to ensure that the operations run smoothly.

This research postulated that managerial competencies encompass the traditional managerial tasks such as leading, controlling, organising and planning as identified by Man et al. (2008, p. 271) as "organising competencies" and Sadler-Smith et al. (2003, p. 61) as "generic managerial behaviours"; however, the managerial competencies also need to include the behaviours that an owner-manager displays during the establishment of the business.

2.9.2 Strategic management and planning

Having a strategic vision is a major part of strategic management (Cossette, 2001). According to Cossette (2001), a strategic vision has the potential to impact the performance of the small business. It is therefore important that the owner-manager set a clear and directed strategic vision for the firm, expressing the goals and objectives of the firm in a simple statement that is clear enough to be used as a frame of reference for making decisions (Cossette, 2001). Sadler-Smith et al. (2003) stated that creating a shared vision and mission for the organisation is part of the behaviours that managers with an entrepreneurial style display. Creating a strategic vision for the organisation is part of the strategic management and planning competency cluster.

According to Lyles, Baird, Orris and Kuratko (1993), there are four levels of planning sophistication for small business owners. These are: “structured strategic planning, structured operational planning, intuitive planning and unstructured planning” (Lyles et al., 1993, p. 39). This competency cluster focuses on the structured strategic planning as part of strategic management and structured operational planning as the planning aspect of this competency cluster.

Strategic planning is about setting long term organisational objectives and developing plans for organising the resources of the company so that the long-term goals can be achieved (Wang et al., 2007). According to Meredith and Kotey (1997), the strategy set by the owner-manager determines the firm’s performance and defines the competitive position of the organisation. Strategic planning has often been associated with the realisation of a competitive position/advantage in the market (Wang et al., 2007). Strategic planning and setting a vision are both part of strategic management.

Strategic management also involves the implementation and evaluation of the strategic vision and plans. The strategic plans are implemented through the various functions of the organisation, such as marketing, finance, production and HR (Kotey & Meredith, 1997). It involves acquiring and allocating the resources needed to achieve the strategic vision (Wang et al., 2007). Man et al. (2002, p. 131) theorised that owner-managers need to display strategic competencies and they stated that these competencies involve “setting, evaluating and implementing the strategies of the firm”. Their research was used by Man et al. (2008) to determine more specific behaviours associated with strategic competencies. They included behaviours such as aligning the work with the firm’s objectives, awareness of the external environment’s changes and weighing the costs and benefits of strategic actions (Man et al., 2008).

Wang et al. (2007) stated that small business owners who engage in strategic planning are more likely to display other desired behaviours and the firm is less prone to fail. According to previous research, the overall performance of the small business is dependent on the extent to which the owner-manager engages in strategic planning and the extent to which the various organisational functions are integrated to achieve the desired goals (Kotey & Meredith, 1997). Robinson (1982) examined strategic planning and found that it would be beneficial to owner-managers to incorporate “outsiders” in their planning and strategic decisions.

In their research, Robinson and Peace (1984) found that owner-managers are more reactive than proactive and that they do not often search for alternatives or make structured and comprehensive plans. They also added that strategic planning is beneficial to owner-managers in realising the firm’s goals (Robinson & Pearce, 1984). Strategic management includes a strategic vision, strategic planning and the implementation and evaluation of the strategic plan. This research postulates that although owner-managers might not frequently engage in strategic management, it encompasses important behaviours for the realisation of organisational goals.

Planning can be considered as part of the managerial competencies or the strategic management competencies but planning on its own has received considerable attention in the literature on small businesses, and will therefore be further examined. The planning discussed here closely relates to what Lyles et al. (1993) called structured operational planning. According to Huang and Brown (1991), planning in small businesses is a problem. Dodge and Robbins (1992) stated that planning in all functional areas of the organisation represents a major problem for small businesses, but they specifically identified that owner-managers are faced with planning problems when developing their overall business plan. Operational planning warrants attention as planning or the lack thereof can influence the survival of the firm (Robinson & Pearce, 1984).

In their study done on South African owner-managers, Escher et al. (2002) found that there was a direct relationship between planning and small business success. They also found that owner-managers could compensate for their low cognitive ability by creating detailed plans and in this they could achieve the same levels of success as owner-managers with high cognitive ability levels (Escher et al., 2002). Another study done on South African owner-managers found that elaborate and proactive planning can contribute to the success of a small business (Frese et al., 2007). Robinson and Pearce (1984) found that literature has consistently shown that planning is related to higher small business performance and Lyles et al. (1993) stated that owner-managers can achieve a competitive advantage through the use of more formal plans that enhance their strategic management.

An important component of planning is the feedback that owner-managers gain. When the owner-managers set formal proactive plans, it is probable that they will obtain better feedback on their performance (Frese et al., 2007). The owner-manager can attempt to obtain their own feedback to help them to set appropriate, measurable and relevant goals (Frese et al., 2007). Setting plans and obtaining feedback takes time, but it might be worth the time spent as Luk (1996) pointed out that owner-managers who are more willing to spend the necessary time on planning are more likely to achieve their goals. Krauss et al. (2007) found that owner-managers who are more achievement-orientated are more likely to seek feedback on their performance. It should however not only be achievement-orientated owner-managers that seek feedback, as feedback is a crucial part of planning and without it, owner-managers are at risk of making “bad plans” (Frese et al., 2007).

As Luk (1996) pointed out, it is not only important for owner-manager to take the time to develop plans, but also for them to be aware that over planning can be a waste of valuable time (Frese et al., 2007). The strategic management and planning competency cluster incorporates the strategic management behaviours as well as operational plans and feedback that need to be obtained by the owner-manager.

2.9.3 Time management

It is clear from the managerial competencies and strategic management and planning competencies that owner-managers need to be able to balance their time. An owner-manager must manage the day-to-day operations of the organisation while simultaneously focusing on planning and strategic thinking. Attahir (1995, p. 61) touched on time management in his research when he stated that "good management" entails balancing the "traditional obligations of the business" while also making the time to develop good plans. According to Sadler-Smith et al. (2003), it is crucial for an owner-manager to develop and work towards a strategic vision while also taking the time to perform the administrative duties of a manager.

It is customary in large organisations for managers to implement the strategic plans and manage the operations of the organisation, while the strategic vision and strategy is developed by the CEO and other higher-level employees. In a small firm, the owner is both responsible for establishing the strategic vision and strategic plans while also implementing these plans and organising the day-to-day operations of the business. This means that an owner-manager needs to be able to prioritise and balance their time to ensure that none of the tasks gets neglected.

According to Claessens, van Eerde, Rutte and Roe (2007), there is a lack of agreement among research as to the definition of time management, but that most authors refer to the work of Lakein (1973). Peeters and Rutte (2005) concurred and noted that studies that measure time management usually rely on the work of Lakein (1973) on time management, in which he provided steps to be followed in obtaining goals. Broadly stated the steps are: listing possible long terms goals, setting current priorities, listing the activities required to obtain the goals, scheduling the activities and performing the activities as scheduled (Lakein, 1973). These steps may be of assistance to small business owners to balance their time between strategic behaviours and operational behaviours.

2.9.4 Financial management competencies

Owner-managers in South Africa have frequently cited the lack of access to finance as a major challenge (Olawale & Garwe, 2010). According to Rogerson (2008), owner-managers also battle to manage their finances appropriately and as LeCornu et al. (1996) pointed out, they often struggle with low levels of liquidity from poor cash flow management. Owner-managers need to be able to display appropriate financial management behaviours. It is important due to the problems obtaining finance, managing finance and the lack of working capital.

According to Jarvis et al. (2000), researchers need to determine the appropriate financial management behaviours suited to the small business environment. They noted that the use of "idealised financial management techniques" would be highly inappropriate as they do not adequately acknowledge the complexities of owner-managers (Jarvis et al., 2000, p. 124). In large organisations, financial management is mostly done by employees with expert knowledge. However, in a small business, the financial management is usually dependent on the financial management skills of one person (LeCornu et al., 1996). The financial management behaviours need to take into account the lack of financial expertise and the situation of the small business as small firms are usually faced with “financial resource poverty” (LeCornu et al., 1996, p. 2).

In their study of Jamaican small business owners, Huck and McEven (1991) found that owner-managers perceived budgeting to be a crucial competency. In their business plan, owner-managers need to include a budget that depicts the sales forecasting and capital requirements for the business (Olwale & Garwe, 2010). This business plan and budget is often used to obtain external finance (Olwale & Garwe, 2010). As access to finance is a problem for owner-managers in South Africa, the owner-managers need to ensure that they develop accurate and well formulated budgets to gain finance.

The combination of debt and equity used to finance the small business is referred to as the capital structure (Abor, 2007). Owner-managers usually show a preference for debt finance (Kotey & Meredith, 1997), which, according to Abor (2007), is because they believe that increased equity could result in loss of control. However, short term debt as a means to finance the organisation is negatively related to the gross profit margin for South African small businesses. The research done on small businesses in South Africa showed that when owner-managers make use of the appropriate combination of debt and equity, ceteris paribus, then their cost of financing will be reduced (Abor, 2007). This means that owner-managers need to develop accurate sales forecasts and cost predictions in order to determine the most appropriate way to finance the organisation.

According to Kotey and Meredith (1997) owner-managers who actively search for cheaper sources of finance are rewarded with higher business performance. One way of doing this is by applying financial bootstrapping. Financial bootstrapping is the use of techniques and methods to obtain finance without being dependent on debt finance or new owners who provide equity (Winborg & Landstrom, 2000). The research done by Winborg and Landstrom (2000) focused on Swedish small business owners but some of the methods could be successfully applied to South African owner-managers. They grouped the financial bootstrapping techniques into “internal mode of resource acquisition, relationship-orientated bootstrappers and subsidy-orientated bootstrappers” (Winborg & Landstrom, 2000). The “internal mode of resource acquisition” includes: “delaying boostrappers, private owner-financed bootstrappers and minimising bootstrappers” (Winborg & Landstrom, 2000, p. 243).

“Delaying bootstrappers” entails consciously and purposefully delaying specific payments such as the payments to suppliers (Winborg & Landstrom, 2000, p. 243). This could be useful if the payments are delayed so that the owner-manager can use cash receivable to cover the late payments rather than decreasing the working capital. “Private owner-financed bootstrappers” make use of the owner-managers private funds or private assets for the firm and when the owner-manager sacrifices their income for the organisation (Winborg & Landstrom, 2000, p.243). The last internal mode is “minimising bootstrappers” and this is where the owner-manager applies techniques to minimise the costs of the firm (Winborg & Landstrom, 2000, p. 243). Ways in which an owner-manager can do this is to search for more efficient suppliers, resources, buy second-hand equipment or to apply strict inventory control measures to reduce wasting products.

When an owner-manager applies relationship bootstrapping, they make use of methods such as borrowing or sharing equipment and assets (Winborg & Landstrom, 2000). Joint utilisation of assets can reduce the costs of operation for the organisation and relieve some of the financial pressure. The last type of financial bootstrapping is “subsidiary-orientated bootstrappers” (Winborg & Landstrom, 2000, p. 243). This is where an owner-manager makes use of subsidiaries from the government of private firms. Unfortunately, this is not popular in South Africa as over 90% of small businesses in South Africa have never made use of any of the support systems offered to them (Abor & Quartey, 2010). If owner-managers have problems relating to accessing finance for starting and growing their organisation, it is advisable that they search for more efficient ways to finance their firm, such as making use of government aid or other financial bootstrapping techniques.

Financial bootstrapping is useful for obtaining finance and minimising costs, but it can also be used to maintain efficient levels of working capital. In their research, Jarvis et al. (2000) pointed out that cash flow management is important for owner-managers. The owner-manager needs to keep accurate records of the cash that is flowing into the organisation and the cash that is leaving the organisation (Jarvis et al., 2000). These accurate records can be used to make plans, manage the operations of the organisation and to evaluate the current operations of the business so that the necessary changes can be made. Jarvis et al. (2000) believed that cash flow management is more applicable to owner-managers than complex accounting procedures because information on the cash flow can be obtained on a daily basis and it is “recognisable to any ordinary person and not just to those who are financially sophisticated”. Cash flow is short term orientated but this makes it more applicable to small businesses as owner-managers do not usually make plans that are longer than two or three years.

The financial management competency cluster postulates that owner-managers need to develop accurate and detailed budgets, employ the appropriate mixture of debt and equity, search for cheaper sources of financing, apply financial bootstrapping where possible and manage and monitor their cash flow on a regular basis.

2.9.5 Networking and building relationships

According to the network theory, an owner-manager can influence the performance of the organisation by making use of networking to obtain resources and information from external parties

(Watson, 2007). The owner-manager can establish informal, formal and individual networks. An individual network includes the personal relationships that the owner-manager has.

Hogarth-Scott, Watson and Wilson (1996) stated that owner-managers have an advantage over large firms when it comes to building relationships and obtaining information from stakeholders. Owner-managers can build stronger relationships with their stakeholders, especially their consumers and suppliers. They are also in an ideal position to interact with the community in which they operate, and they can use these relationships to obtain valuable information. According to Hogarth-Scott et al. (1996), owner-managers should take full advantage of their close proximity and the potential to build strong relationships with stakeholders.

Man et al. (2002, p. 132) referred to “person-to-person or individual to group-based interactions” as relationship competencies. Man et al. (2008) used behaviours such as effective communication, negotiation and building long term relationships with others in their measure of relationship competencies. Interpersonal relationships and communication are extremely important in small businesses (Hogarth-Scott et al., 1996). According to Kiggundu (2002), African small business owners need to develop their social skills such as negotiating in order to advance the performance of the firm. The competencies referred to by Man et al. (2008), Man et al. (2002) and Kiggundu (2002) can be considered as individual networks that the owner-manager establishes and maintains. Hogarth-Scott et al. (1996) pointed out the owner-managers need to be able to interact with people by listening to them and discussing their business with them in order to access new information, make new contacts and spread the word of the firm. The personal interactions of the owner-manager can enhance the integration into the social life of the community (Watson, 2007).

Owner-managers need to establish and maintain good relationships with the members of their community, their consumers and their suppliers (Fatoki & Chiliya, 2012), but it could also be beneficial for owner-managers to build relationships with other companies in the form of alliances (Terblance, Jock & Ungerer, 2019). Owner-managers across the globe are increasingly making use of formal and informal networks with other companies (Wong & Aspinwall, 2004). Through formal and informal networks, owner-managers can realise economies of scale in a small business without actually increasing in size (Watson, 2007).

Through networking, owner-managers can gain access to resources such as equipment or products that they do not currently control (Watson, 2007). They can also develop formal networks by establishing joint ventures or strategic alliances as an attempt to enhance their competitive position in the market (Terblance et al., 2019; Wong & Aspinwall, 2004). Verhees and Meulenberg (2004) pointed out that small business owners can group together to establish programmes for research and development. Research and development are not often found in small businesses as it requires a great deal of finance to establish and maintain, but through strategic alliances and joint ventures, it may be beneficial to small business owners. According to Verhees and Meulenberg (2004, p. 139), the research and development programme’s success is dependent on the “cooperative competencies” of the owner-managers involved. This means that owner-managers need to actively enhance their communication and social skills as well as display behaviours that are conducive to joint ventures and alliances.

While research and development programmes may enhance the innovation of the firm’s products or services, Hausman (2005) stated that networks can also have a direct impact on the innovativeness of the organisation. In his research, Hausman (2005) discussed two ways in which networking can improve innovation in the small business. The first is through the information obtained from external parties. The information obtained by the owner-manager from consumers, suppliers, market feedback and other companies can influence the owner-managers decision to innovate and the type of innovation that would be applicable (Hausman, 2005). Hausman (2005) also believed that owner-managers should form alliances with larger companies. A small business owner can make use of large companies to commercialise their innovation if they do not have the resources, capacity or drive to do so themselves.

Small businesses can remedy their disadvantages by making effective use of networking. As identified, the use of networking can allow small businesses to realize economies of scale, means to commercialise their products and fuel their innovation. Unlike large organisations, small firms do not and usually cannot afford to employ experts in the different functional areas of the organisation. Robinson (1982) point out that owner-managers can redress these disadvantages by obtaining information from external experts through their personal and formal networks. In his research, Robinson (1982, p. 81) referred to these external parties as “outsiders”. Through the use of outsiders like lawyers and accountants, a small business owner can obtain valuable information that can be applied to improved decision making and operational plans. An owner-manager does not necessarily have to spend financial resources to obtain information if he/she can make efficient use of their networks.

The networking and relationship building competency cluster comprises of behaviours that relate to developing and maintaining personal relationships with external parties. It also includes obtaining information from external parties, building relationships and contracts with other organisations. Developing joint ventures and strategic alliances may be beneficial for the organisation as included in the network and relationship building competency cluster.

2.9.6 Human resource management competencies

Previous research on small businesses has shown that a positive relationship between the human resource management (HRM) and small business performance may exist (Mazzarol, 2003). Martin and Staines (1994) pointed out that owner-managers should recognise the importance of and utilise HRM strategies. HRM includes recruitment and selection, delegation, remuneration, industrial relations, disciplinary procedures and other practises aimed at improving the workforce of the organisation (Mazzarol, 2003). Just like with financial management, applying the best practices of HRM used in large organisations to owner-managers would be inappropriate.

Hudson, Smart and Bourne (2001) found that the performance management systems for small businesses need to be very resource efficient, shorter term and less strategic and be able to produce long term benefits to keep the team motivated to continue updating their performance management systems. Recruitment and selection in small organisations is done on a less formal basis than in large organisations and the procedures used are not very extensive. However, the procedures are still important so that the firm can employ individuals who are of high value to the organisation. Owner-managers often employee family members and friends and this might not always result in having employees with the necessary skills set and competencies (Hausman, 2005). Small business owner can make use of their personal relationships and networks to find valuable employees and although employing family and friends has its disadvantages, it also has some advantages. When friends and family are employed, they are more likely to be motivated in their positions and they generally have higher levels of commitment to the organisation as a result of their personal relationship with the owner-manager (Hausman, 2005).

According to Walker et al. (2007), owner-managers need to recognise that their HR capabilities are essential in achieving a competitive advantage. Martin and Staines (1994, p. 24) pointed out that small businesses can attain higher levels of performance through “an active interest in the acquisition, development and retention of talented employees”. This means that owner-managers need to motivate their employees to work towards the strategic vision of the firm (Luk, 1996). In his research, Mazzarol (2003) pointed out that owner-managers need to effectively communicate their vision to their employees so that they have a clear understanding of how the objectives can be achieved.

According to Kotey and Meredith (1997, p. 43) the important HR activities for small business owners include: “concern for employee welfare, job satisfaction and providing clear human resource policies”. Although it is important that the policies are understood by all the employees, they do not have to be as formally stated as in larger organisations. Mazzarol (2003) pointed out that the formalisation of HR policies and practices will become more important as the business grows in size and scope.

The HRM competency cluster includes applying traditional HRM procedures and policies in a small business in a manner that is appropriate to the firm. The policies and procedures are likely to be less formal and less extensive, however it is important that owner-managers acknowledge the importance of HRM practices and actively take an interest in the development of a workforce that is skilled, motivated, satisfied and committed to the organisation. Furthermore, the HRM competency needs to acknowledge the HR challenges that small firms face, such as the challenge of competition with larger firms for skilled workers. According to Mafundu and Mafini (2019), small construction firms struggle to compete with their remuneration packages offered by larger companies.

2.9.7 Marketing management competencies

Dodge and Robbins (1992) stated that owner-managers have reoccurring marketing problems that relate to establishing and maintaining customers and evaluating the market conditions. This means that small business owners need to display the appropriate behaviours to deal with competitive pressure in the market and to overcome the marketing challenges and problems faced. According to Hogarth-Scott et al. (1996), small business owners do not need to become marketing specialists. This is because the complex and sophisticated procedures used by marketing specialists will not be beneficial to small business owners if they do not understand them or have the time and patience to make use of them (Hogarth-Scott et al., 1996).

According to Jocumsen (2004), owner-managers can develop strategic marketing decisions. Strategic marketing decisions are those marketing related decisions and plans that are of paramount importance to the performance of the firm (Jocumsen, 2004). The application of marketing principles can aid the owner-manager in their strategic thinking (Hogarth-Scott et al., 1996). Strategic decisions include those related to the firm's competitive advantage and position in the market. In their research, Stoke and Blackburn (2002) found that owners who had closed down their business claimed that it was important to have a good understanding of the market before establishing a business. This view was supported by Hogarth-Scott et al. (1996) as they stated that one of the key marketing activities for owner-managers is identifying the market and the opportunities that exist in the market.

Once a business is established, owner-managers need to continue to monitor the trends in the market. According to Hogarth-Scott et al. (1996), owner-managers need to acknowledge that consumers' preferences change, and these changes can occur rapidly. These changes in preference can have a critical impact on the performance of the small business (Hogarth-Scott et al., 1996). In their research, Verhees and Meulenberg (2004) examined the market orientation of owner-managers and found that "customer market intelligence" is positively related to the performance of small businesses. It is important that owner-managers attempt to gain information on the trends of their consumers and the market in which they operate so that they can produce the products and services that appeal to customers (Olawale & Garwe, 2010). An owner-manager of a small firm cannot realistically expect to satisfy all the consumers in the market and therefore they need to recognise the different preferences and focus on satisfying the needs of specific groups of consumers (Hogarth-Scott et al., 1996). This implies that owner-managers need to segment the market and target specific groups of customers.

Dodge and Robbins (1992) pointed out that owner-managers often focus on the internal aspects of their firm and by doing this, they neglect the competitive and market conditions that could have an impact on their organisation. Verhees and Meulenberg (2004) stressed the importance of adopting a “market orientation”. Owner-managers who adopt a marketing orientation will focus on obtaining market information about their consumers, products and their competitors and they will apply this information to business activities that improve the market position of the firm (Verhees & Meulenberg, 2004). It has been found that small business owners who actively take an interest in their market conditions generally outperform those who do not (Martin & Staines, 1994). According to Verhees and Meulenberg (2004) market orientation can be applied in small businesses as the owner-manager is responsible for all the operations and the diffusion of market intelligence can happen quickly. Small businesses are generally known to be more flexible, however their lack of financial and human resources can possibly constrict their responsiveness to market opportunities.

Kotey and Meredith (1997) also found that high performance of small businesses was associated with owner-managers who make use of advertising and actively explore different marketing techniques that could be applied. On the other hand, Olawale and Garwe (2010, p. 736) focused on the importance of “good customer care and efficient service” as ways to improve customer retention. Luk (1996) found that the marketing and personal selling techniques have an impact on the firm’s performance.

Hogarth-Scott et al. (1996) pointed out that owner-managers can apply the basic principles of marketing to their small businesses without having to apply extensive and complex data analysis techniques. The basic marketing principles that can be applied include “customer orientation, market segmentation, targeting, positioning and a competitive advantage” (Hogarth-Scott et al., 1996, p. 17). The marketing management competency cluster postulates that small business owners should display the basic marketing principles, develop a market orientation whereby they actively investigate their market, consumer and competitors and apply strategic thinking to their marketing decisions.

2.9.8 Entrepreneurial behaviours

Having a market orientation is closely linked to several entrepreneurial behaviours (Verhees & Meulenberg, 2004). The first most commonly cited entrepreneurial behaviour is innovation. Innovation in the view of Joseph Schumpeter is the creation of something new or a new combination that “disturbs the equilibrium” (Hospers, 2005). Innovation can be in the form of new products, services, production methods, procedures and even in new ways of structuring the organisation (Hospers, 2005). According to Verhees and Meulenberg (2004, p. 135), innovativeness in small firms represents the owner-managers “willingness to learn about and adopt innovations in both the inputs and the outputs of the firm”. Kiggundu (2002, p. 243) noted that innovation is related to “entrepreneurial success in Africa”. Neneh and van Zyl (2017) found that entrepreneurial orientation (OE) had a significantly positive relationship with growth, measured in terms of sales and number of employees, but that they were concerned at the moderate level of EO displayed by small business owners.

Verhees and Meulenberg (2004) discussed two types of managerial styles. The first is that of an adaptor, and the second relates to innovation. Adaptors are those owner-managers who apply procedures and techniques that are well established and commonly used, while those who apply innovation will continuously apply new techniques and search for new ways of doing things (Verhees & Meulenberg, 2004). Owner-managers need to be able to balance the two styles as it might be more appropriate to apply the adaptor approach to certain aspects of the business while applying innovation to others. Georgellis et al. (2000) noted that innovation applied to products and services is crucial in small firms. This, however, might not be true. An owner-manager can be innovative in the procedures to produce the products or services and in effect reducing the cost of production while developing products that are already established in the market at a lower price due to the lower costs of production. This research postulates that innovation is important in small businesses; however, it should be applied appropriately to achieve a competitive advantage.

Other entrepreneurial behaviours include risk taking, creativity, recognition and exploitation of opportunities (Lans, Hulsink, Baert & Mulder, 2008). According to the research done by Georgellis et al. (2000), an owner-manager needs to be able to innovate, plan ahead and have the willingness to take risks in order to successfully produce innovative products and services. Lans et al. (2008, p. 365) stated that entrepreneurial competencies entail “recognising and acting on opportunities, taking initiative and action and relating to potential suppliers and buyers”.

Man et al. (2002, p. 132) referred to the behaviours of recognising and acting on opportunities as “opportunity competencies” and they referred to behaviours such as risk taking and innovation as “conceptual competencies”. This research postulates that the competency cluster of entrepreneurial behaviour should encompasses behaviours associated with innovation, risk taking, creativity, searching for, recognising and exploitation of opportunities.

2.9.9 Technology related competencies

Making use of innovative technology can be beneficial to the owner-manager. However, technology in itself does not provide benefits; the way in which it is applied and used can provide benefits to the owner-manager. In the current competitive environment that strongly focuses on the use of technology, it would be inappropriate for small business owners to assume that they do not need it.

Ascar (1993) pointed out that owner-managers should understand the suitability of different technologies and have sufficient knowledge of how technology can be applied to the functions of the business to reduce cost and increase productivity. Small business owners can obtain benefits by making use of technological equipment that is relatively inexpensive, easy to use and that can be adapted to suit their needs (Quartey, 2015).

According to Lee and Runge (2001), the use of information technology is no longer a luxury for business owners, it has now become a necessity for business operations. Information technology can be used to record and store the data of the organisation (Lee & Runge, 2001). Verhees and Meulenberg (2004) pointed out the information technology can be applied to obtain information on consumers, competitors and the market. Owner-managers should apply the necessary technological systems where appropriate and cost effective. Technology and information technology can only provide benefits to the owner-manager when it enhances the organisation's functions in a manner that is cost efficient. Adeniran and Johnson (2011) found that the most used forms of technology in SMEs included the internet and websites. SME owners use websites for marketing and new business opportunities and the internet to obtain information, banking and purchasing (Adeniran & Johnson, 2011).

The technology-related competencies include keeping up to date with the relevant information technologies and applying technological equipment and information technologies where appropriate and cost effective.

2.9.10 Socially responsible behaviour and ethics

Ethical behaviour at an individual level represents behaviours such as being honest, respect for others, displaying integrity and accountability. Spence and Rutherfoord (2001) briefly touched on the importance of owner-managers displaying ethical behaviour. According to the research done by Kiggundu (2002), small business owners cited the importance of honesty as a behaviour that impacts the firm. An owner-manager has a responsibility to develop an ethical code of conduct for the organisation that identifies the behaviours and core values of the firm (Fatoki & Chiliya, 2012). The owner-manager also needs to set an example through his/her own behaviour to ensure that the ethical values are incorporated into the policies and procedures of the organisation. The focus on ethical behaviour in owner-managers is limited in literature, however, studies such as the one done by Martin and Staines (1994), have found that owner-managers cite displaying honesty as an important behaviour.

Ethical behaviour is closely related to corporate social responsibility (CSR). According to Miller and Besser's (2000) research, CSR refers to an organisation's duty to contribute to an improved society. The King III report provides a code for corporate governance and CSR and focuses on the accountability of large listed organisations. This, however, does not imply that owner-managers cannot and should not incorporate CSR into their business. According to Fatoki and Chiliya (2012, p. 16) the King III's view of CSR focuses on how organisations "should be well managed companies that are aware of, and respond to the social issues and place a high priority on ethical standards". Owner-managers can incorporate CSR and ethical practices into their organisation.

According to Miller and Besser (2000), under certain conditions a small firm's socially responsible behaviour will be reciprocated by the community. For this to happen, community members need to be aware of the behaviours of the owner-manager and the organisation (Miller and Besser, 2000). Fatoki and Chiliya (2012) discovered that small business owners are aware of the benefits of displaying ethical behaviour and CSR. Ethical behaviour and CSR can be rewarded by an increased public image/reputation, the attraction and retention of employees, increased relationships with customers and suppliers and an increase in the willingness of stakeholders to engage in transactions with the small business (Miller and Besser, 2000).

Acting in a manner that is socially responsible also entails environmental management. Environmental management is not a widely stressed concept in South African small firms as of yet. However, behaviours that contribute to a sustained environment could be in the owner-manager's best interests. Revell et al. (2010) did a study on small businesses in the UK and found that owner-managers are becoming more aware of the importance of sustainability of the environment. Owner-managers should attempt to make use of production methods that reduce waste and sustain the natural resources. Making use of control procedures to minimise the wastage was cited by Acar (1993). Being more environmentally conscious could lead to potential cost savings, an improved public image and an increase in the retention of employees (Revell et al., 2010).

The competency cluster of socially responsible behaviour and ethics encompasses the ethical behaviour of the owner-manager, the establishment of an ethical code of conduct, CSR, "environmentally friendly production methods" and measurable goals for CSR.

2.9.11 Learning orientation behaviours and knowledge management

Owner-managers have cited lack of managerial experience and skills as the highest contributors to the failure of small businesses in South Africa (Olawale & Garwe, 2010). This means that owner-managers should recognise their shortcomings and actively attempt to develop the areas in which they lack skills, experience or knowledge.

Krauss et al. (2007) discussed the concept of learning orientation. Learning orientation referred to owner-managers who actively and independently seek to increase their knowledge base as well as those who learn from both negative and positive experiences (Krauss et al., 2007). In their research, Stokes and Blackburn (2002) discussed the potential of adaptive and generative learning as learning that could aid in the development of the owner-manager. Learning as a competency is not unheard of in small business research. Man et al. (2008) developed the competency cluster of learning competencies - behaviours such as "learning from a variety of means, keeping up to date, learning as much as possible and applying the learning into practice" (Man et al., 2008, p.271).

Martin and Staines (1994) found that owner-managers were in agreement that sound technical knowledge was critical for owners of small firms. Technical knowledge and skills can be developed by the owner-manager. In his research, Wasilczuk (2000) showed that Polish small business owners who read professional literature, enrolled in learning courses and frequently searched for information were part of the group of small business owners who outperformed those who did not make an effort to improve their knowledge-base and skills.

Johnson and Kuehn (1987) attempted to uncover the areas in which owner-managers most frequently search for information and they found that on average an owner-manager spends two hours a day searching for information. The most frequently cited areas of information searching included market information and technology (Johnson and Kuehn (1987). This does not imply that owner-managers should spend two hours a day searching for information or that the search should be limited, but it does point to the importance of gathering information about the areas of the business that are unfamiliar to the owner-manager and that an owner-manager is responsible for actively participating in information gathers. It is interesting to note that Johnson and Kuehn (1987) found that owner-managers spent approximately three times more time on information searching than managers in larger firms. This could be because managers in larger firms do not have to be informed about every aspect of the organisation and they might have employees or departments in the organisation that conduct research on their behalf. This only emphasises the point that owner-managers need to continuously search for information that pertains to the operation of their organisation to compete with larger organisations which may be able to access information faster and easier.

Owner-managers can make use of professional literature, available market data or seek advice from external parties to gather information. They can also develop their skills and knowledge through training interventions. According to the research done by Ladzani and van Vuuren (2002), high quality training has the potential to increase the likelihood of the small business survival and increased performance. In their research they discussed how training can be used to develop owner-managers to approach problems in a way that saves time and money. Krauss et al. (2007) also noted that learning is crucial to successful decision making. Owner-managers can develop the areas and obtain the information that is vital to their position.

According to Kunaka and Moos (2019), owners who seek to improve their knowledge and skills are also more likely to pursue external advice from consultants or service providers and, more likely to benefit from making use of external advice. Mole (2002) pointed out that small business owners are sceptical of advisors and that they do not believe that advisors will understand their "unique" business. Furthermore, Mole (2002) indicated that owners are particularly sceptical of the government with regard to accepting advice or assistance from the state. Mole (2002) postulated that one of the reasons that owners may be sceptical to seek or accept advice, may be due to the high need for autonomy that most small business owners have. Nonetheless, Fatoki (2014) maintained that owners need to take greater responsibility for their own development and adopt a positive attitude towards training.

It is important that owner-managers build up their knowledge-base, but this knowledge should also be shared with their employees. Wong and Aspinwall (2004) investigated knowledge-management in small businesses and found that the owner-manager is in the ideal position to create an organisation where employees exchange information. Owner-managers are also likely to have information about all areas of the firm that should be shared with their employees. According to Wong and Aspinwall (2004), knowledge management can be easily applied in small businesses by incorporating training, job rotation and apprenticeships. Previous research has shown that knowledge management can improve decision making, innovation and the responsiveness of the organisation.

This competency cluster includes the owner-manager's responsibility to improve their knowledge base and skills through seeking information, training, and any other learning opportunities that could be of use to the owner-manager. This competency cluster also includes the implementation of knowledge management in small firms so that the information obtained can be shared to improve the overall performance of the organisation.

2.9.12 Personal competencies

In his research, Kiggundu (2002) found that owner-managers cited hard work and discipline as important behaviours for the success of their organisation. Luk (1996) also found that owner-managers believed that working productively for long hours is an important part of being an owner-manager. The information obtained from owners who closed down their businesses showed that it is important for owner-managers to display self-management (Stokes & Blackburn, 2002). All these researchers point out the importance of the owner having discipline, working consistently hard and consistently managing their own performance.

Man et al. (2008, p. 271) developed a "personal strength competency" and this included behaviours like "identifying one's strength and weaknesses and matching them to opportunities and threats, maintaining high levels of energy, managing one's career development, having a positive attitude, prioritising and responding to positive criticism". It is important that owner-managers manage their own performance and be aware of their shortcomings. According to Martin and Staines (1996), owner-managers believe that it is vital that they set standards for themselves and monitor their owner performance against these standards.

An owner-manager is also the leader of their organisation and that means they need to display leadership and motivate their employees. In their research, Martin and Staines (1994) noted the importance of "leading by example" and the importance of having good interpersonal skills. An owner-manager needs to lead by example by displaying ethical behaviour, strong leadership, proactiveness and perseverance.

Man et al. (2008) developed another competency which they called “commitment behaviours” which included the owner-manager’s commitment to the organisation and the performance of the organisation. Krauss et al. (2007) also found that perseverance was important in owner-manager’s behaviours.

The competency cluster of personal competencies includes the behaviours identified by Man et al. (2008) as personal strength competencies and commitment competencies and it includes hard work, discipline, perseverance, leadership behaviours, motivational behaviours and self-management.

2.10 Summary

Chapter 2 focused on a discussion of the concept of competencies and the practice of competency modelling. In contributing to a better understanding of small businesses and owner-managers, the literature revealed that small businesses are heterogeneous and also that significant differences exist between small and large organisations. Entrepreneurship and small businesses ownership have often been used interchangeably, however, as seen in the literature, entrepreneurship involves behaviours that are not necessarily displayed by owner-managers. An overview of the small business environment revealed that small business owners face numerous challenges, both externally and internally. The most widely cited of these is the lack of managerial skill among owner-managers and the lack of access to finance.

A brief overview of the competency potential of small business owners was provided as researchers have often neglected the competencies, focussing instead on competency potential. The motives and goals of the owner-manager greatly impacts the behaviours displayed. Inconsistencies and disagreement among researchers were revealed with regard to what the performance outcomes should look like. Owner-managers often have more subjective goals for the organisation and therefore development of the performance outcomes included both objective and subjective performance measures as they both apply to small businesses. To achieve successful performance outcomes, owner-managers need to display the desirable behaviours. Competency clusters were developed from literature to group the different desirable behaviours.

Chapter 3 provides an overview of the methodology, including an explanation of the research approach, the Delphi technique and how it was applied to this study. The research considerations and methods of analysing the data are described in the next chapter.

CHAPTER 3: METHODOLOGY

3.1 Introduction

The purpose of this study is to identify and understand the behaviours of owner-managers, along with small business and owner-manager outcomes. Chapter 2 served to provide context around owner-managers and small firms. Proposed outcomes and competencies were presented in Chapter 2. It is important for the proposed outcomes and competencies to be practical and to adequately acknowledge the complexities and heterogeneity of small businesses and owner-managers. To ensure this, more information was obtained from small business owner-managers in South Africa.

Research on owner-managers and small businesses in South Africa is fragmented and this warrants further study into the behaviours and outcomes of owner-managers and their small businesses. This study aims to fill the gaps in literature on small businesses and owner-managers in order to develop a more comprehensive picture of their competencies and outcomes.

In this chapter, the research design and methodology used is discussed. The chapter covers the research approach: the research design, sampling, the method of information collection used, several design considerations and concerns, including and ethical considerations and finally an overview of the analysis techniques.

3.2 Research approach

Literature on small business owners is fragmented and lacks an element of practicality (Gaskill et al., 1993; Landström, 2005; Martin & Stains, 1994; Wasilczuk, 2000). This is especially true for research done on small business owners in South Africa. The failure rate of small businesses is alarming and therefore the research done on small businesses should seek to provide practical remedies. Further exploration of the topic is warranted to fully acknowledge the complexities of owner-managers and to reduce the inconsistencies and ambiguities present in current small business owner research.

To further explore the behaviours of owner-managers and the outcomes of small businesses, a qualitative approach will be applied. Exploratory research does not aim to provide conclusions that are definitive or generalisable, but rather the findings are more suggestive (Goemand & Solari, 2011). Qualitative studies are used to explore topics and develop a greater understanding of complex issues (Marshall, 1996). As Jaeger and Halliday (1998, p. 64) so eloquently put it, “Explicit hypotheses tested with confirmatory research usually do not spring from an intellectual void but instead are often gained through exploratory research”. Accordingly, the findings generated from the explorative approach can be applied to develop specific hypotheses and be tested to generate empirical findings that are representative and generalisable (Barbour, 2001). This research will eventually contribute to answering the research initiating question: *why are some owner-managers more successful than others in the extent to which they achieve critical small business performance outcomes?*

The literature review presented in Chapter 2 serves the purpose of theorising and identifying behaviours and outcomes, while the research design is used to elicit further information and explanations. This approach is supported by Barbour (2001) who averred that value is added when new themes are identified alongside those that were predicted. The current study does not claim to test hypotheses in the scientific sense, but is aimed rather at developing a more holistic picture of the topic so that hypotheses can be developed and empirically tested. In this, the current study follows a more interpretive-phenomenological approach so as to provide the foundation for future research to be done in accordance with the positivist approach. The research design that will be used to elicit further information about owner-managers and small business outcomes is the Delphi technique.

3.3 The Delphi technique

The Delphi was first published in 1963 by Dalkey and Helmer, and over the last five decades, the technique has gained popularity and is still being used across multiple disciplines (Keeney, Hasson & McKenna, 2001; Okoli & Pawlowski, 2004). In the very recent article by Humphrey-Mutro and de Wit (2019), there was a call to all researchers using the Delphi to address some of the unanswered questions and to tackle some of the challenges that researchers still face when using the Delphi. Over the last 50 years, there have been numerous publications about the Delphi technique, most notably - the book by Linstone and Turoff (1975), the Delphi biography by Gupta and Clarke (1996), Schmidt’s (1997) discussion of the various statistical techniques applied to the Delphi, the review by Keeney et al (2001), Powell’s (2003) detailed information about the key features, the widely cited work by Okoli and Pawlowski (2004), the practical guideline for graduates by Skulmoski et al., (2007), and the assessment of rigour by Paré, Cameron, Poba-Nzaou and Templier (2013). This list, which does not include all the significant contributions by researchers to the Delphi, is a simple example of the consistent interest in the Delphi method over the years. Furthermore, the Delphi technique is still being used today and there are still publications about the technique, with efforts to enhance and improve implementation by researchers.

The technique was originally developed by Dalkey and Helmer in 1948, but only became a popular after its publication in 1963 (Dalkey & Helmer, 1963; Gupta & Clarke, 1996). It was originally used at Rand Corporation as a technique to elicit expert opinions in order to make strategic decisions (Dalkey & Helmer, 1963; Rowe & Wright, 1999).

At the outset, studies that used expert opinions at Rand Corporation were referred to as "Project DELPHI" and the technique was called "the DELPHI method" (Dalkey & Helmer, 1963). The name, Delphi, came from an ancient Greek town where an oracle offered visions of the future to people (Gupta & Clarke, 1996). This name was appropriate as the Delphi was most often used as a forecasting tool (Ono & Wedemeyer, 1994).

The Delphi technique has since been used in numerous disciplines for a variety of reasons (Rowe & Wright, 2001; Yousef, 2007). Organisations make use the Delphi in order to improve decision making and as a forecasting tool (Gupta & Clarke, 1996). In addition, it has been used as a learning technique, problem-solving technique, and is commonly used as a qualitative method of gathering information from respondents on a variety of topics in an array of disciplines (Hasson & Keeney, 2011; Custer, Scarcella & Stewart, 1999; Okoli & Pawlowski, 2004; Yousuf, 2007). In the current study, the Delphi technique is used to obtain information on owner-manager competencies and outcomes from owner-managers.

Powell (2002) believed that the Delphi Technique is useful in research where there is a lack of agreement and a fragmented state of knowledge. It should not be used to replace quantitative methods, as it is more appropriate for situations where other quantitative techniques are not practical or possible (Rowe & Wright, 1999).

3.3.1 Criticism of the Delphi technique

The Delphi is a popular technique and widely used, but it is not without challenges and criticism. The most renowned criticism published is that of Sackman (1975), which was first published by Rand Corp in 1974 (Sackman, 1974). According to Dodge and Clark (1977), Sackman evaluated the Delphi against the standards set by the American Psychological Association (APA) for psychological instruments. Linstone and Turnoff (1975) argued that the Delphi should not be viewed as a scientific tool nor should its usefulness be evaluated by scientific standards (Rowe, Wright & Bolger, 1991). Similarly, other authors have agreed that using standards for psychological instruments to evaluate the Delphi is inappropriate, but they still advocated for evidence about the Delphi's reliability and validity (Dodge & Clarke, 1977).

Sackman's (1975) major criticism was that the Delphi, as a technique, was not scientific in nature, but as discussed in Stewart (1987), Sackman also objected to the Delphi due to "sloppy execution of many Delphi studies". Sackman was not alone in this objection and it has been echoed by other authors over the years (Rowe et al., 1991). Landeta (2006) pointed out that the appeal of the Delphi is lost after using it once, as first-time users often misjudge the simplicity of the Delphi. Vernon (2009) noted the Delphi's simple design, once all the elements are properly understood, but also added that the simplicity should not be confused with the rigour required throughout the process. Similarly, Landeta (2006) maintained that researchers perceive the Delphi to be simple, but they then find that the implementation thereof is more difficult and time consuming than initially anticipated. This misalignment of expectations may contribute to a lack of preparation or commitment to see the process through with the necessary rigour required, and this could result in "sloppy execution".

On the other hand, the Delphi is used in various disciplines, for various reasons and this has resulted in modifications to the "classical" Delphi. Flexibility in the design is one of the advantages of the technique, however, it could also negatively impact on the execution or evaluation of the design execution (Strasser, 2017). Okoli and Pawlowski (2004) saw the lack of rules or standards for the Delphi as problematic and Crisp (1997) noted the lack of detail reported about the methodological considerations by researchers of the Delphi. The variations and flexibility of the design combined with a lack of standards could have contributed to the poor execution as identified by Sackman. In addition, poor reporting, coupled with a lack of clear definitions, rules and standards could make it difficult to evaluate the quality of the research and compare studies.

3.3.2 Key features of the Delphi technique

The Delphi allows for flexibility, but the primary purpose of the Delphi is to gather "the most reliable consensus of opinion of a group of experts" (Powell, 2002, p. 376). To satisfy that objective the Delphi has key features and specific characteristics. As discussed in Rowe and Wright (1999) there are four key features of the Delphi that should be present in a research design for the design to be considered as a Delphi technique. The four key features are anonymity, repeated iterations, controlled feedback and the statistical aggregation of group response (Rowe & Wright, 1999).

The first key feature of the Delphi is anonymity. The respondents of the Delphi should be given the opportunity to express their opinions privately and separately from the group (Rowe & Wright, 1999). The anonymity feature is limited to the respondents remaining unidentified to the group of participants and not to the researcher. According to Hsu and Sandford (2007a) the anonymity reduces the chance that the opinions will be influenced by dominant individuals and other negative effects of using experts or group discussions (Dalkey & Helmer, 1963).

The anonymity feature implies that the respondents' responses will be obtained separately, and this can be facilitated using electronic communication methods to exchange information (Hsu & Sandford, 2007a). The Delphi was developed before the use of electronic communication in research became popular and, as such, it was sometimes referred to as e-Delphi when email or online web surveys were used (Hasson & Keeney, 2011).

The second key feature is the use of repeated iterations. Unlike many other techniques, the Delphi technique makes use of multiple iterations. According to Hsu and Sandford (2007a) these iterations cause the respondents to become more insightful and the effects of noise are reduced. The iterations also give the respondents the opportunity to refine their responses in light of new information without the presence of other respondents (Rowe & Wright, 1999).

The use of controlled feedback is the third key feature of the Delphi (Dalkey & Helmer, 1963). After each round the respondents are given feedback. This feedback contains the responses of the other respondents in the study and it is usually presented as simple statistical data (Rowe & Wright, 1999). The summarised findings allow the respondents a chance to generate additional insights and information on the previous iterations (Hsu & Standford, 2007a). According to Hsu and Sandford (2007a), the use of feedback also reduces the effect of noise, meaning the communication that usually occurs in group settings that distorts the data will be reduced.

The last key feature is the statistical aggregation of group responses. After the Delphi rounds have been completed a statistical analysis of the final results can be done (Hsu & Sandford, 2007a). Most researchers interpret the results by calculating the mean/median of the responses (Rowe & Wright, 1999), however varying statistical analysis techniques can be used to objectively summarize the results (Hsu & Sandford, 2007a).

In addition to the key features, the Delphi technique is also characterised by the use of experts and the aim of reaching consensus (Dalkey & Helmer, 1963). While the Delphi has been subjected to numerous adaptations, the original objective was "to obtain the most reliable consensus of opinion of a group of experts" (Dalkey & Helmer, 1963, p. 1).

3.3.3 The steps in the Delphi technique

Rowe and Wright (1999) advocated for researchers to provide thorough and accurate descriptions of the Delphi technique as it is applied in their research. This is done because the Delphi allows for certain adaptations to the "ideal" Delphi (Hasson & Keeney, 2011). Properly, this section attempts to explain the steps to be followed when implementing the Delphi. This study does make some adaptations to the “classical” or “ideal” Delphi and therefore the “classical” Delphi will be presented first followed by the adaptations.

When using the classical Delphi, rounds of questionnaires are sent to preselected expert panellists (Powell, 2002). The number of rounds depends on the nature of the research but the use of three rounds is common (Custer et al., 1999). When adaptations are made to the number of rounds, they seldomly vary by more than one or two rounds (Rowe & Wright, 1999).

By using questionnaires, the Delphi utilizes written responses which can be sent to the respondents without any face-to-face contact (Riggs, 1983). The first round in the classical Delphi usually involves an unstructured or open-ended questionnaire (Custer, et al., 1999; Powell, 2002). Respondents are encouraged to identify key issues or elaborate on the topic (Rowe & Wright, 1999). In this round, researchers seek to solicit open responses and use the themes identified to design a questionnaire which is to be re-administered to the same participants (Okoli & Pawlowski, 2004; Powell, 2002).

The most common adaptation to the Delphi occurs in the first round. A researcher may choose to use a structured or a semi-structured questionnaire instead of an unstructured questionnaire (Powell, 2002). Hsu and Sandford (2007a) reaffirmed that making use of different types of questionnaires is neither uncommon nor inappropriate. The use of different types of questionnaires will depend on the topic under investigation. Researchers also have the option of making use of pilot testing (Skulmoski, Hartman & Krahn, 2007).

If the procedure follows the classical Delphi and makes use of unstructured questionnaires, then the researcher will need to analyse the responses in accordance with the specific research paradigm (Rowe & Wright, 1999; Skulmoski et al., 2007). The subsequent rounds of the Delphi make use of structured or semi-structured questionnaires that have been developed from the information obtained in the preceding round (Hsu & Sandford, 2007a).

In the second round, each respondent will be given time to review the new items developed from the information obtained in round one (Hsu & Sandford, 2007a). The rounds that follow the first round are more specific and the participants are usually asked to evaluate items, rather than to identify them (Powell, 2002, Yousef, 2007). Ranking and rating techniques are the most commonly used techniques in the subsequent rounds (Powell, 2002). Through these rounds areas of agreement and disagreement are identified, along with respondents’ rationale concerning a specific item in the questionnaire (Hsu & Sandford, 2007a).

Controlled feedback, as informed by the data collected in the preceding round, is provided to the participants (Dalkey & Helmer, 1963). This feedback may include statistical summaries, such as the mean and, upper and lower quartiles. When panellists’ responses fall outside the upper and lower quartiles they are usually asked to elaborate on their rationale (Rowe & Wright, 1999). Respondents are asked to provide reasons why their responses differ from the majority (Riggs, 1983). This additional information enhances the feedback, as the only communication between the respondents is the controlled feedback that is provided (Powell, 2002). Dalkey and Helmer (1963) noted that the feedback could also include suggestions and potentially relevant information provided by the participants and as such the feedback is not limited to statistical summaries.

In the third and subsequent rounds, participants are presented with the questionnaire, along with controlled feedback (Riggs, 1983). This encourages them to review their initial responses and they can make modifications to their answers based on the feedback (Linstone & Turoff, 1975). The third and subsequent rounds serve as opportunities for the respondents to reconsider their responses and if they wish to, they can modify them on the questionnaire provided (Riggs, 1983). This process is repeated in any rounds subsequent to the third round if the researcher makes use of more than three rounds.

3.3.4 Application in this study

This study does follow the classical Delphi technique for the most part, however, it is important to clarify the adaptions that were made and the rationale behind the adaptations. In line with the classical Delphi technique, expert preselected panellists were used. Detailed information about the panellists is provided in the adjoining section covering sampling.

3.3.4.1 The type of questionnaire used for the first round

The classical Delphi makes use of an unstructured questionnaire in the first round and the information obtained from this questionnaire informs the development of the semi-structured or structured questionnaire used in the subsequent rounds (Custer, et al., 1999; Powell, 2002). The initial intention was to use an unstructured questionnaire in round one, which would serve as an opportunity for panellists to freely express their opinions and judgements regarding owner-manager competencies and small business outcomes. After careful consideration the unstructured questionnaire was abandoned.

It is widely acknowledged that a drawback of using the Delphi is that it is exceptionally time-consuming (Hsu & Sandford, 2007a). When a Delphi is conducted thoroughly, it places tremendous time pressure on both the researcher and the participants (Yousef, 2007). Moreover, the use of an unstructured questionnaire would require qualitative analysis between round one and round two. Morse (2008) emphasized the extensive commitment and time required from a researcher for qualitative analysis, especially when done accurately and thoroughly. While time delays are inevitable between the rounds, the time pressure could be mitigated by discarding the unstructured questionnaire and concomitant qualitative analysis (Linstone & Turoff, 1975).

In addition to time concerns, another factor in the decision was the utility of an unstructured questionnaire for this study. A dominant reason for the use of an unstructured questionnaire is to “brainstorm” or identify themes where such themes are not yet identified (Skulmoski et al., 2007). Through the literature review, several competency clusters and outcomes were identified and as such the unstructured questionnaire’s utility was questioned. In addition, open-ended questions could frustrate participants if they do not understand them or result in inappropriate responses when little guidance is provided (Skulmoski et al., 2007). It therefore appeared unlikely that the expert panellists would be able to, without guidance, provide a comprehensive account of the competencies and outcomes.

Rather than disregard the unstructured questionnaire entirely, a semi-structured questionnaire was developed from the competencies and outcomes proposed in Chapter 2. Integrating the various sources of information would serve the ultimate purpose of the research better, that being, to make nomothetic inferences about owner-manager competencies and small business outcomes.

3.3.4.2 Delphi pilot testing

The classical Delphi does not necessitate pilot testing, but it is not uncommon for researchers to conduct pilot tests to evaluate questionnaires that have been developed (Hsu & Sandford, 2007a). The questionnaire plays a crucial role in the study and as such it was sent to three individuals to be evaluated, with a specific focus on the ease of use and understandability, as well as the time required to complete the questionnaire. To evaluate the questionnaire, the individuals sampled the questions and inspected the definitions, instructions and questions, but did not attempt to fully and comprehensively complete the questionnaire. Based on the feedback, minor alterations were made to the anchors used to rate items, the layout to ensure consistency across electronic devices used, the wording of instructions and, the most significant change, removing an entire section to reduce participant fatigue.

Skulmoski et al. (2007) published an article that specifically focuses on the Delphi technique when used by graduate students in completing masters and PhD level research. They advised that a Delphi pilot test is of particular importance for inexperienced researchers conducting relatively ambitious research and those who may underestimate the procedural problems and time requirements of the Delphi. The advice was heeded as the questionnaire was developed specifically for this research, there was uncertainty regarding the appropriate time frames, and the electronic software chosen to facilitate the research process required specific configurations.

Eight small business owners participated in the pilot test. The properties of the pilot test participants are provided in Table 3.1.

Table 3.1

Pilot test properties

Property of Sample	Details
Age	Range: 26 to 45
Gender	75% Female 25% Male
Highest Qualification	Range: Grade 12 to Honours Degree, Post Graduate Diploma & Professional Qualifications
Years the business has been in operation	Range: 2 years to 10 years
Industry	Eight distinctly different industries
Number of employees	Range: 0 to 10 62.5%: No employees

The sample used for the pilot test was limited to small business owners in an attempt to closely resemble the sample requirements for the research. Active effort was made to include participants who varied in age, gender, qualifications, years of experience, industry and number of employees. The assumption here was that the evaluation and feedback from the pilot test would be of greater value with a multifarious sample.

The questionnaire provided to the pilot test participants included the following additional questions:

1. How long did the questionnaire take you to complete?
2. What did you use to complete the questionnaire? (PC, Mobile Phone or Tablet)
3. Was it easy to work through the questionnaire?
4. Were the questions clear?
5. Did you find any problems with the questionnaire?

The feedback from the pilot test revealed that the participants took between 30 minutes to six hours to complete the questionnaire. There was no difference in ease of use between participants who made use of different electronic devices to complete it. The majority of the participants found it easy to work through the questionnaire (f_i = .75), agreed that the questions were clear (f_i = 1), and did not find any problems with the questionnaire (f_i = .75).

The pilot test proved to be of great value. The feedback confirmed that the questionnaire required a lot of time to complete. Based on the time taken by the pilot test participants and their comments, the potential research sample was extensively forewarned about the time requirement of the study to prevent over commitment by individuals.

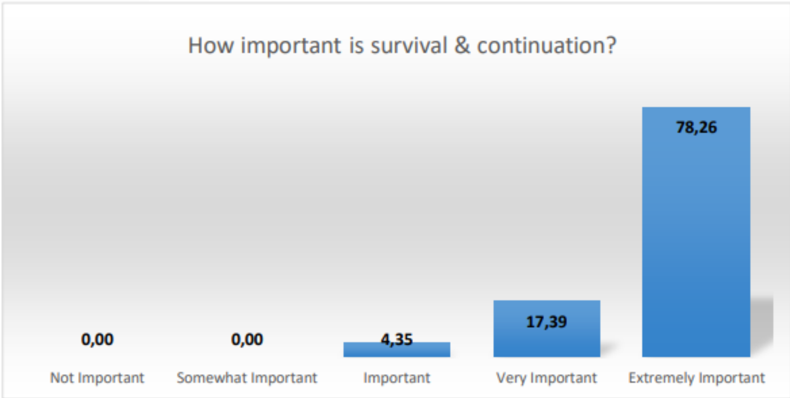
In addition to informing the time frames, the pilot test added immense value to the practical implementation of the study. When making use of the Delphi, unlike other research techniques, there are strict time frames that need to be adhered to - from recruiting participants, to obtaining informed consent, completion of the first round, development of the second round and generating the feedback, to the completion of the last round and feedback, all while actively managing the process. Therefore, there is little room for error when administering the questionnaires, checking for completeness, exporting the data, transforming and coding the data, generating the subsequent rounds and feedback, and ensuring that the time frames are adhered to. From the pilot test, detailed plans to run and manage the process were created to mitigate potential procedural problems. The pilot study informed a very realistic and practical approach to managing the process on a larger scale and for a longer duration.

3.3.4.3 Subsequent rounds and feedback

Following on the classical Delphi, the study consisted of three rounds of semi-structured questionnaires, excluding the pilot test round as it was administered to a different sample. The semi-structured questionnaires in the rounds after the first round were accompanied by controlled feedback, as per the classical Delphi.

The Delphi allows for flexibility in the feedback that is given with the subsequent rounds, but the feedback usually includes statistical summaries and the reasons provided by respondents for why their responses differ from the majority (Hasson & Keeney, 2011; Riggs, 1983; Rowe & Wright, 1999). The purpose of the feedback is to encourage participants to re-evaluate their responses and to develop insights from the interaction with the other participants' responses (Yousef, 2007). For participants to evaluate their responses, they should receive a report with the responses of the group, as well as their position relative to the group and a summation of comments from the participants to see the range of opinions and the reasons behind the responses (Ludwig as cited in Hsu & Sandford, 2007a).

The feedback used in this study included the participants' comments and their rationale or motivation behind their responses. The group's responses for each question was depicted as relative frequency graphs, with the participant's response presented under the graph for comparison. An example of the feedback for one of the items is provided in Figure 3.1.



YOUR RESPONSE IS: Extremely Important

Participant Comments:

1. We deem survival and continuation of our business to be extremely important as our business is our livelihood and the livelihood of many other families i.e. Our staff members.
2. Our business is a family owned business. We are busy building a legacy and future for our children. The aim of the business is to empower our family and workers for generations to come.
3. The business needs to work, because a lot of people rely on the money - they are getting paid.

Figure 3.1 Example of the feedback for one item

To ensure anonymity, each participant received a tailored feedback report displaying his/her responses in relation to the group. Minor alterations were made to the questionnaires for the second and third round as informed by the participants' responses.

3.4 Sampling

Choosing a sample in any research is an important step (Marshall, 1996). The sampling choices made will vary based on the research topic, aim of the research, and the design and research method used (Delice, 2010). Quantitative research methods typically make use of samples that are larger and representative of the population so that the findings can be generalised to the population (Marshall, 1996; Yoshikawa, Weisner, Kalil & Way, 2008). Qualitative research on the other hand faces more complex issues regarding the sampling choice (Barbour, 2001). The Delphi makes use of a specific type of sample – a panel of experts (Dalkey & Helmer, 1963).

Marshall (1996) pointed out that qualitative research is dependent on the valuable insights provided by the sample, however people are not all equally good at interpreting and understanding their own behaviour.

"*Choosing someone at random to answer a qualitative question would be analogous to randomly asking a passer-by how to repair a broken-down car, rather than asking a garage mechanic*" (Marshall, 1996, p. 532).

Although the use of experts is not a requirement of other qualitative techniques and some Delphi users choose to disregard the use of experts, Skulmoski et al. (2007) is correct in saying that researchers would specifically make use of the Delphi technique when their objective is to collect information from experts (Linstone & Turnoff, 1975; Rowe & Wright, 1999). In their examination of various adaptations of the Delphi, Hasson and Keeney (2011) reported that six of the eight different types of Delphi techniques employed explicitly call for the use of experts. The use of experts is part and parcel of the Delphi as developed by Dalker and Helmer (1963). With the objective to elicit valuable insights and generate the highest quality responses, this study made use of experts.

3.4.1 Judgement sampling

This research made use of expert owner-managers in the sample and to facilitate this, judgement sampling was used as the approach to select the sample. Judgement sampling involves searching for the most appropriate and productive sample (Marshall, 1996). To do this, a framework of individual attributes that will be needed and sought in the people chosen for the sample is required. These individual attributes are developed from the researcher's knowledge of the issue under investigation and the literature on the topic (Widd & Diggines, 2011).

There are currently no specified standards to guide Delphi users in their sampling decisions (Hsu & Sandford, 2007a). Okoli and Pawlowski (2004) brought to light that choosing appropriate experts is perhaps the most crucial part of using the Delphi, but it is also unfortunately one of the most neglected aspects. This seems antagonistic as the primary motivation of most research for making use of the Delphi is the use of expert opinions (Lintstone & Turoff, 1975; Skulmoski et al. 2007; Okoli & Pawlowski, 2004)

The challenge is to develop a framework that adequately identifies expert owner-managers and to ensure that the people chosen for the sample are committed to the research and its outcomes. While research on the Delphi technique does not give specific insight into how the experts should be chosen, we can draw information from literature on the topic and similar studies conducted.

Rowe and Wright (1999) suggested that experts be chosen by means of self-rating and as such the sample is then chosen based on respondents' opinion of their own expertise. Experts can also be chosen based on their reputation in the field and their level of experience in the field (Hsu & Sandford, 2007a). Ludwig (1997) advised that the qualifications or desirable characteristics of the participants should be clearly identified. While the method of choosing the sample may differ, the participant should have, as Skulmoski et al. (2007) pointed out, knowledge and experience of the topic being researched (Linstone & Turoff, 1975).

Another factor to consider when choosing the sample for a Delphi is that participants should be willing and able to invest their time and wisdom into the research (Hsu & Sandford, 2007a). This is supported by Skulmoski et al. (2007).

Based on the topic and the research at hand, the sample sought out will either be heterogeneous or homogeneous. Habibi, Sarafrazi and Izadyar (2014) pointed out that for the purpose of a Delphi, a heterogeneous group of participants with different backgrounds and personalities produces higher quality information relative to a homogenous group of participants. Owner-managers, by nature, are a heterogeneous group (Carland et al., 1995).

3.4.1.1 Sample criteria

As owner-managers are a heterogeneous group it would not be possible to select a specific minimum qualification or educational background that would deem an owner an expert. Choosing owners who are renowned for their expertise would have been ideal, but not practicable for this study.

The failure rate of small businesses is alarming. The current commonly cited failure rate is between 70 to 80 percent, with the prediction of a much higher failure rate in the first three years (Adeniran & Johnson, 2011; Fatoki & Smit, 2011; Neneh & van Zyl, 2017; Olawale & Garwe, 2010; van Eeden et al., 2003). Given that most small businesses do not survive the initial years, it would suggest that the owner-managers of those that do survive, may well be “experts” in the field. Their success, despite the odds being stacked against them, indicates they are capable and experienced as owners. While accurate failure rates are not available, the levels reported in various sources appear to agree that the highest levels of failure occurs within the first two to three years and consequently only owner-managers who have been operating their business for more than three years were included in the sample. In addition, the criteria for inclusion in the sample was as follows:

1. The business must be South African and operating in the Republic of South Africa;
2. The size of the business must meet the definition of a small business as set out in the National Small Business Act, with exceptions made for labour- or capital-intensive industries;

3. The participant must be an owner (sole proprietor, partner, shareholder or member) and actively participate in the management of the business;
4. The business must be financially viable (self-reported and financial statements were not requested); and
5. The business must employ more than two employees.

Initially the sample criteria did not include a minimum limit for the number of employees, but after development of the questionnaire it became apparent that owners who are self-employed, but do not employ employees will not be able to answer questions relating to employee management or human resource outcomes. The additional criteria excluded several of the willing potential participants, such as self-employed photographers, lawyers, designers and professional consultants. These owners were asked to participate in the pilot test.

To reach potential participants, network-based sampling was used. This is a form of snowball sampling where individuals or participants in the researcher's network refer the researcher to other potential participants (Yoshikawa et al., 2008).

3.4.2 Sample size

According to Powell (2002), there are large variations in the number of participants used in a Delphi study. Typically, researchers aim to make use of large samples to be representative of the population, however qualitative samples are usually smaller due to the time pressures of the data collection and analysis (Yoshikawa et al., 2008).

Marshall, Cardon, Poddar and Fontenot (2013) noted, after conducting work on sample sizes for qualitative research, that a considerable problem in qualitative research is the lack of justification provided for sample sizes by researchers. They further asserted that failure on the part of the researcher to adequately justify the size of the sample, implies that it is "arbitrary" and ergo "inconsequential" (Marshall et al., 2013, p. 15). In their research they made recommendations, one of which is that researchers should justify the sample size by referring to research with similar designs and topics (Marshall et al., 2013).

According to Birdir and Pearson (2000), previous studies that sought to identify competencies through the use of the Delphi technique used a range of 30 to 50 panellists. Powell (2002) found that the number of panellists used in Delphi techniques have ranged from 10 to 1685. On the other hand, Hsu and Sandford (2007a) reported that the most common range of panellists used 15 to 20 panellists. Clearly, there is no ideal number of panellists, but rather it is important to ensure that the panel members represent experts in the field and the sample should not be too large so to avoid increasing the time between the different rounds (Habibi et al., 2014).

Marshall et al., (2013) insisted that qualitative research should provide justification for the sample size by referring to the level at which saturation will occur. While Marshall et al. (2013) offers a valid point for qualitative research, Skulmoski et al. (2007) points out that there is a trade off when making use of the Delphi between the decision quality and manageability. By decision quality, Skulmoski et al (2007) is referring to the reduction in group error which can be achieved by making use of a larger sample. Therefore, rather than reporting on the level at which saturation may occur, users of the Delphi should be mindful of the threshold at which the burden of managing the process and analysing the data is resulting in diminishing returns.

In addition to considering the time demand between rounds, which is an inherent downside of the Delphi, the questionnaire developed for this study places further pressure on the participants. The pilot test revealed that participants took between 30 minutes to four hours to complete the questionnaire for round one. The time taken fluctuates based on how long the participant engages with the open-ended questions. Having a larger sample in this study would also result in a more extensive feedback report which will accompany a questionnaire that is already time consuming. The pilot test included eight participants and the feedback report generated from this test was 46 pages.

A very practical point was made in Skulmoski et al. (2007), where they stated that experts are often busy and as such may not be able to commit fully to the study. Moreover, this research proposed time management as a competency cluster due to the challenges faced by owners in terms of balancing multiple tasks and responsibilities. Naturally there was a serious concern that it would be tremendously difficult to find participants who meet the strict criteria, who are willing and able to commit to an extensive study that runs for several weeks, with each round requiring a great deal of their time. Furthermore, the data collection necessitated that the study run from a specified date, with specific time frames and accompanying dates for the subsequent rounds and completion thereof. Therefore, all the participants had to be available during this specified period which spread over several weeks.

The desired sample size was specified, rather ambitiously, as approximately 20 participants. Flexibility in the sample size seemed appropriate given the concerns. It would have been acceptable if the sample size was smaller or larger by, give or take, five participants. Remarkably, the number of participants who completed all three rounds was 20. The response rate is discussed and reported later in this chapter.

3.4.3 Sample properties

This section provides an overview of the properties of the 20 participants who completed all three rounds. Table 3.2 provides a summary of the properties.

Table 3.2

Sample properties

Characteristic of sample	Details
Age	26 to 35: 35% 36 to 45: 5% 46 to 55: 25% 56 and older: 35%
Gender	20% Female 80% Male
Racial composition	90% white 10% coloured
Highest Qualification	**Range:** Grade 12 to Master's Degree 65% have a Bachelor's Degree, Advanced Diploma, Post Graduate Certificate, B-Tech or higher
Years the business has been in operation	Range: 3 years to 34 years Mean: 9.64 years Median: 19 Mode: 19 Standard Deviation: 11.01
Industries	Farming (Livestock and by-products) Farming (Fresh produce) Hospitality Portable Sanitation Service Landscaping Real Estate Legal Advice/Consulting Hospitality Financial services (Actuarial) Manufacturing Health and Wellness Cosmetology Electrical (Security and Solar) Wholesale and Retail Computers and Related Activities Home installations

	Financial services (Accounting) Mining / diving
Number of employees	**Range:** 3 to 150 1 to 5: 20% 6 to 10: 55% 11 to 20: 10% 21 to 50: 5% 51 to 100: 5% 101 to 150: 5%

Although the composition of the sample is not intended to be representative of the population, the sample properties are provided in Table 3.2.

In accordance with the definition stipulated in the National Small Business Act, a small business has less than 50 employees. Included in the sample were two businesses that employ more than 50 employees. For the purpose of this research, and as provided for in the criteria, the businesses were included and defined as small businesses. In both cases the owners actively participate in managing the operations of the business. The reason for the large workforce is due to the businesses operating in labour intensive industries; wholesale and retail, and hospitality.

The sample included a variety of different industries and as such different perspectives and insights. Moreover, the spread of the years of business operation was wide for the small sample. The low percentage of female participants could be attributed to the gender related barriers, but any inferences would be inappropriate in this study (Verheul, Thurik, Grilo & van der Zwan, 2012). Besides, it is interesting to note that the pilot test sample consisted of 75% females. Lastly, the sample was not racially diverse. This could be for numerous reasons, one of which is the additional challenges faced by previously disadvantaged South Africans. To improve the racial diversity, black participants were approached and two agreed to participate but due to the timing of the study could not commit. One black participant completed two of the three rounds, but due to the time demand did not complete the study. The sample was too small to be representative of the population, but it is interesting to the note the properties of the sample and to see the heterogeneity of small business owner-managers, even in a small group.

3.5 Method of information collection

One of the benefits of using the Delphi is that the participants can be geographically dispersed (Rowe & Wright, 1999). The Delphi does not require any face-to-face interaction and therefore there are very few geographical limitations (Powell, 2002). Links to the online questionnaires were distributed to the participants by email. The online questionnaires were created on and administered via an online survey tool (Checkbox Survey). By making use of online questionnaires, the participants could receive the questionnaires at the same time. The feedback reports were distributed to the participants via email, with each participant receiving an individually addressed and tailored email to ensure anonymity. To lessen the burden for participants, they could complete the questionnaires on their mobile phones, electronic tablets or notebooks/laptops/computers. One of the participants requested that the questionnaires be sent via email to be printed and completed by hand. This request was granted to ensure that use of an online questionnaire did not exclude any participant.

3.5.1 Questionnaire

The information was collected by making use of a semi-structured questionnaire (see Appendix A). The questionnaire was developed specifically for this study and comprised of four sections - two dedicated to the proposed outcomes, and two for the proposed competency clusters. Each proposed outcome and competency cluster was defined, with the definitions developed from the literature review. In the light of the fact that the definitions were created from the literature review, and that accepted definitions for all of the factors do not currently exist in literature, the participants were asked to comment on the definitions.

In the first section, all eight proposed outcomes were listed and defined. The participants were asked to comment on the definitions directly under the definition. Table 3.3 provides an example of this.

Table 3.3

Example of definition of items

3.	**Growth**	An increase in business size over a period of time, measured by one or more of the following factors: number of employees, sales and turnover.
	Definition Comments:	

The definition and comments on the definition was followed by a question where the participants were asked to rate the importance of the proposed outcome. Figure 3.2 provides an example of the rating questions.

How important is survival and continuation of the business?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

Figure 3.2 Example of importance rating question

As depicted in Figure 3.2, the participants were asked to rate the importance on a 5-point Likert-type scale, with anchors ranging from “not important” to “extremely important”. Under each question of this nature, the participants were asked to provide their reason or motivation. In the adjacent section (section two), the participants were asked to rank the importance of the outcomes by placing them in order of importance with the most important outcome at the top. Under the ranking question, the participants could provide any additional comments and thereafter they were asked to list any other proposed outcomes.

The third section followed a similar layout to the first section where the competency clusters were defined and participants could comment on the definitions, thereafter the participants were asked to rate the importance as depicted in Figure 3.2. In addition to rating the importance of the company clusters, the participants were asked to rate the frequency. Figure 3.3 provides an example of the frequency rating question.

How frequently do you display strategic management and planning?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

Figure 3.3 Example of frequency rating question

As can be seen in Figure 3.3, the participants were asked to rate the frequency on a 5-point Likert-type scale with anchors ranging from “rarely” to “all the time”. In line with the other questions, participants were asked to provide their rational or motivation. The last question for each competency cluster was a rating of the level that is required or how good the participant should be at the particular competency cluster. An example of this is provided in Figure 3.4.

What level of financial management competencies is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

Figure 3.4 Example of level rating question

The participants were asked to rate the level on a 5-point Likert-type scale with anchors from "basic understanding" to "expert level". As depicted in Figure 3.4, the middle anchors did not have descriptions but rather had numbers (2, 3 and 4). The last section in the questionnaire, section four, entailed ranking the competency clusters by placing them from the most important to the least important. Once again, participants could provide comments and add any additional competencies not listed. At the end of first and second round, the questionnaires had an additional page thanking the participants and detailing the dates for the subsequent round and feedback report.

3.5.2 Additional information collection material

The questionnaires used for the three rounds were lengthy and as such, measures were taken to lessen the burden of completing each round. One such measure was to obtain information about the sample on a separate questionnaire which the participants were asked to complete prior to the commencement of the study. Before commencement of the study the participants were sent two additional links, the first was to provide information on the requirements of the study and gain their informed consent for participation, and the second was a very short questionnaire asking the participants to provide basic information about themselves and their business. These documents can be found in Appendix B and Appendix C. This also lessened the pressure between rounds for the researcher, as the questionnaires for each round had to be edited and adapted as necessary.

3.5.3 Subsequent rounds' questionnaires and feedback

For the second and third round, the questionnaires remained largely the same, except for minor necessary adaptions informed by the participants' feedback. The questionnaire for the second round can be found in Appendix D and the questionnaire for round three in Appendix E.

At commencement of the second and third round, the participants received a link to the new questionnaire and an email containing their feedback reports. Any changes to the questionnaire were made in blue to clearly indicate the adaptation. The participants were asked to use their feedback report and complete the questionnaire by either keeping their responses the same or changing them and adding any additional comments. The feedback reports for each round only contained the comments from the immediate preceding round and, as such, the participants were asked, when responding to a comment on the feedback, to clearly indicate the comment to which they were responding.

The feedback reports depicted all the comments from the round, as well as relative frequency graphs with the participants' relative position below the graph. An example of this can be seen in Figure 3.1. Examples of the feedback reports, including the comments from participants can be found in Appendix F to H. Figure 3.1 shows an example of one question, where the participants were shown a frequency graph and their position for each question. Their position was described under the frequency graph rather than incorporated into the graph for standardisation and to reduce the administration of creating the extensive feedback reports, as each report was developed manually and within a strict time frame.

3.6 Response Rate

In their paper, Baruch and Holtom (2008) referred to previous studies where authors have indicated that a failure to provide accurate and transparent reporting of the response rate is poor practice, yet they were surprised by the large number of researchers who fail to report their response rate. Research that makes use of the Delphi does not appear to be the exception, as Boulkedid (2011) found that only 39% of the 80 studies reviewed reported response rates for all rounds. On the other hand, even when the response rate is reported, it may not be defined in the same way across studies (Morton, Bandara, Robinson & Atatoa Carr, 2012).

The response rate recorded in research often differs based on the method of data collection, and the variation is usually in the chosen denominator (Morton et al., 2012). Information on the response rate for any research allows a reader to evaluate, to some degree, the credibility and the validity of the work (Boulkedid, 2011). While the response rate alone is not sufficient to evaluate the quality of a study, the information does provide the reader some insight into the utility and overall quality (Baruch, & Holtom, 2008; Morton et al., 2012). Therefore, irrespective of chosen denominator, researchers are urged to provide accurate and transparent details about the response rate, co-operation rate, refusal rate, method of contact, details of non-participants, and efforts made to improve participation (Morton et al., 2012).

A high response rate is ordinarily more applicable to research where generalisability is important, as a low response rate may be indicative of nonresponse bias (Rogelberg & Stanton, 2007). And while this study does not aim to provide conclusions that are generalisable, reporting on the response rate may still be of value. Hsu and Sandford (2007b) recommended that Delphi users make an active effort to improve their response rate as the number of eligible panellists is often smaller, the sample size is usually smaller and the quality of the research can be negatively affected if participants drop out at various stages of the Delphi. Boulkedid (2011) echoed this and added that not reporting the response rate for each round of the Delphi may affect the quality of the final round information and the level of credibility.

As noted in the discussion on the sample of this study, there was a serious concern that it would be difficult to find enough eligible participants. An additional concern with making use of the Delphi is that, on top of securing a suitable sample, the researcher is also concerned with retaining enough participants throughout the process. The sample size chosen for this type of research is already relatively small, which means if the number of participants reduces dramatically over the rounds, the outcome may be, as Hsu and Sandford (2007b) put it, a scenario where the information generated is no longer expertise, but rather the opinions and preferences of a few individuals. Accordingly, strenuous effort was made to secure a suitable sample and minimise the dropout rate over the rounds.

For simplicity, the efforts to improve the participation rate will be separated into hard and soft measures. The term ‘participation rate’ is used here to refer to, what is commonly known as, the response rate, along with the participation level throughout the entire Delphi process. The hard measures will include those which are more objective and comparable, such as various research design considerations. Conversely, the soft measures will include the efforts that are more subjective and less comparable, such as the communication with possible participants and efforts to improve their commitment to the research.

3.6.1.1 Hard measures to improve participation

The data collection of a Delphi is very time consuming. Shariff (2015) reported that the process could take up to six months. English and Kernan (1976) found that the first round alone took

10 weeks. Another study that utilised the same sample size and conducted three rounds took five months to complete their Delphi process (De Villiers, De Villiers & Kent, 2005). The time requirement could be further aggravated by a researcher's lack of experience with the Delphi or the topic under consideration (Vernon, 2009).

In their research, Hsu and Sandford (2007a) loosely suggested that respondents should be provided with approximately two weeks to complete the questionnaires. If the participants were given two weeks to complete each round, and generation of the feedback reports and new questionnaires was limited to a week, the process would have taken a minimum of nine weeks to complete. Being cognizant of the looming concern that this study may yield a low response rate, it seemed inappropriate to expect participants to be a part of the study for over two months. Therefore, the planned time frame for this study allowed the participants one week to complete each round (questionnaire) and the researcher would also have one week to complete and send the feedback reports and new questionnaire for the following round. With this time frame, the process would take six weeks, but the participants would only actively participate for five weeks.

The total participation time was defined and limited prior to commencement of the Delphi. This was made possible, because of the decision to limit the Delphi to three rounds. Deciding on the number of rounds is an important consideration for all Delphi users, although, this decision is not necessarily made prior to commencement of the Delphi. In their research, Dajani, Sincoff and Talley (1979) discuss the various stopping criteria adopted by Delphi users. It is typical for a Delphi process to continue until the predetermined stopping criteria, usually some predetermined level of consensus or stability, has been met (Dajani et al., 1979; von der Gracht, 2012). If a stopping criterion, other than a fixed number of rounds, is used, the participants will not be aware of the total time required of them, and this could deter possible respondents.

Similarly, having a fixed number of rounds does not necessarily mean that the process has a fixed time frame and clear deadlines. The first round of the Delphi took English and Kernan (1976) 10 weeks to complete due to participants being on vacation during the summer months. Hsu and Sandford (2007b) explicitly noted that researchers should be mindful of participants being unreachable due to travelling or vacations. While the possibility still exists that participants may decide to travel or go on vacation after agreeing to participate, the potential participants in this study were given exact dates and deadlines for each step of the process prior to commencement. As a result, two small business owners declined participation due to planned international travels that coincided with the dates of the study. According to Porter (2004), research on whether having deadlines and a limited time frame increases participation is mixed. Nonetheless, having a clear time frame allows potential respondents to make an informed decision about participation, which should reduce the dropout rate and it makes the process more manageable.

In an effort to make keeping to the deadlines easier on the part of the participants, but also the researcher, various design measures were taken. Firstly, the unstructured questionnaire in round one was replaced with a semi-structured questionnaire. An unstructured questionnaire is generally more difficult for participants to complete and as such would possibly necessitate more than a week to do. Moreover, analysis of an unstructured questionnaire and the development of a structured or semi-structured questionnaire for the subsequent rounds should realistically take more than a week to do.

The semi-structured questionnaire used in the first round was developed before recruitment of participants took place. This allowed enough time for the questionnaire to be evaluated and improved. The questions about the small business owner and the owner-manager's business, which would not form part of the subsequent rounds, were removed from the first-round's questionnaire and sent to the participants separately. Through standardisation of certain elements of the design and preparing most of the documentation before the process started, the room for error in managing the various elements would be reduced.

Another element of the design that was standardised to some extent was the feedback report. The layout was designed for the information generated to be copied into the report. The participants' responses relative to the group were displayed under the frequency graphs so that the 44 graphs included in the feedback report would only have to be edited once per round. The feedback report was separate from the questionnaire, because designing the feedback into the online questionnaire would be too complex, require too much time and it would have further complicated an already extensive questionnaire.

Nulty (2008) established that one of the factors that could positively impact the response rate of a study is keeping the questionnaires brief. The original questionnaire had an additional section where participants were asked to link the outcomes and the competency clusters. Based on the feedback from the individuals who evaluated the questionnaire prior to the pilot study, and after due consideration of the potential value added by the section, the fifth section of the questionnaire was removed to reduce participant fatigue. Unfortunately, even without this section, the pilot test revealed that the questionnaire took anywhere between 30 minutes to four hours to complete.

In an attempt to lessen the burden for participants, overcome geographical limitations and complications with the postal service, and shorten the participation time frame, the questionnaire was distributed electronically. Hsu and Sandford (2007b) supported distribution of the questionnaire via email to be able to reach participants who may need to travel during the process. Using electronic mail improves the dissemination, which should have a positive effect on the response rate (Boulkedid, 2011). While distributing the questionnaire via email is helpful, it could still be a hinderance for participants if the questionnaire must be downloaded and printed or completed in a specific formatted document.

Nulty (2008) suggested sending the participants an emailed URL (Uniform Resource Identifier or web address) to complete the questionnaire online. Boulkedid (2011) supported this view and noted that both electronic mail and the internet could have a positive impact on the response rate. The questionnaire in this study was emailed to the participants, but they completed it online. This meant that they could complete the questionnaire on various electronic devices, save their progress and continue at a later stage and start on one device and continue on another. While these efforts may have had a positive impact on the participation rate, the use of email and the internet was not void of problems.

One of the participants requested that the questionnaire be sent in a specific format via email to be completed manually. Although this increased the administration for the researcher and the participant, it was relatively easy to make the adjustment. By contrast, one participant did not complete the first round and stated the reason was poor network connection which made completing the questionnaire too difficult. This was not the only issue of connectivity - two of the participants who reside in relatively remote areas persevered through all three rounds, but consistently faced connectivity problems. Lastly, there were some glitches in exporting the data, which fortunately were resolvable and, while increasing the time required to generate the feedback reports, did not deter any participants.

According to von der Gracht (2012), anonymity should contribute to participants feeling more comfortable and by extension impact positively on the response rate. One of the key features of the Delphi is that the respondents' identities are not known by the other participants or readers of the research, but in order to generate personalised feedback reports and properly manage the process, the respondents' identities must be known by the researchers. Two participants made explicit contact to discuss the anonymity of their responses. To maintain anonymity, any comments where the owners included identifiable information were edited, and any identifiable information was removed prior to distributing the feedback reports.

3.6.1.2 Soft measures to improve participation

The various hard measures employed, or design considerations, could have had a positive effect on the participation rate, but it is unlikely that these efforts alone could produce the desired results. Hsu and Sandford (2007b) maintained that an essential part of conducting an effective and meaningful Delphi is the researcher's efforts to minimise non-response by encouraging participation. The challenge of recruiting eligible participants who are dedicated to providing quality information and maintaining an adequate level of participation throughout the study, was not underestimated. Accordingly, extensive consideration and effort was put into recruitment of participants and management of the process.

One of the most common methods of improving response rates for surveys is the use of incentives or rewards (Nulty, 2008). Chen and Pak (2017) noted that one of the factors that could have contributed to their high response rate in their Delphi was awarding gifts to their participants after each round. The use of incentives was considered, but rewards were not used to recruit participants. The primary objective of using the Delphi for this study was to elicit high quality responses. The quality of the responses may have been compromised if the participants were not fully committed to the study and continued to participate purely for a tangible reward. For this study, it was more important to attempt to obtain good quality information from a few participants, then limited information from more participants.

Porter (2004) referred to psychological concepts that could assist researchers in understanding questionnaire participation. One such concept is that individuals are more likely to participate when the request comes from a source they deem legitimate (Porter, 2004). Similarly, Hsu and Sandford (2007b) suggested eliciting the assistance of endorsed individuals. Although endorsed individuals were not used, the name of the educational institution was emphasized in the recruitment material, which can be seen in Appendix I.

The recruitment material in most cases did not serve as the first communication with potential participants. As Hsu and Sandford (2007b) recommended, preliminary personal contact was made with potential participants in the form of a personal phone call, message or meeting. The personal contact was used to introduce the research and to open the lines of communication (Hsu and Sandford, 2007b). The enthusiasm, willingness and ability to participate could to some extent be established in the personal contact. If the participant indicated that they were willing to participate, a follow up email containing the recruitment material was sent to them. By doing this, the potential participant was not put under pressure to agree to participate and the email contained important information for the participants to consider. In addition to the use of rewards, Chen and Pak (2017) attributed their high response rate to effective communication before the study, visits to the workplace and making in-person connections. Shariff (2015) also supported the use of personal contact to determine the participant's level of willingness and ability to participate.

Nulty (2008) suggested that potential respondents should be convinced that their responses will be used. Although this suggestion was specifically in the context of learner's evaluations of educators, the suggestion makes sense for other types of data collection as well. It seems logical that if individuals feel that their responses are valuable and will be used, that they would be more inclined to participate and commit to the study. In their research, Keil, Tiwana and Bush (2002) experienced a drop out of participants after the first round and, after reflecting on their study, they offered several recommendations for Delphi users. One of these was that the level of interest in the topic should be determined before the time and the potential participants should understand how the research may be valuable to them (Keil et al., 2002).

Faced with a similar situation, Gartner (1990) reported a response rate of 16% in the first round when researching the definition of entrepreneurship. The response rate for academics was 40%, business leaders was 10% and politicians was 0% (Gartner, 1990). The remarks from non-participators revealed that they did not believe the research was practical or relevant to them. It then stands to reason that potential participants in this study should feel that their input is valuable, they should have an interest in the topic at hand, believe in the practical importance of the research and lastly, that they should be made aware of any potential value for them.

Gartner (1990) experienced a significantly low response rate from business leaders and politicians relative to the academics. One of the politicians commented that they were not interested in how entrepreneurship is defined as their focus is on information that could contribute to improved policymaking (Gartner, 1990). This may indicate that participants should not only be convinced of the importance of the topic, but more specifically, of the practical importance. In the recruitment material, the background states that the main objective of this research is to find a way to assist small business owners to succeed. It goes on to make a case for importance by referring to the high failure rate of small businesses in South Africa and the paragraph is concluded with a more specific objective - that is, to find out what behaviours make a small business owner successful and what success means to them. The language used in the recruitment material was chosen specifically to be easily understood, as well as inspiring and convincing for a small business owner. As such, academic terms or theoretical terms were not used in the first paragraph where the purpose is explained, however, the terms “competencies” and “outcomes” are included later, once the purpose has been established, as these are used throughout the questionnaire.

Although the purpose of the recruitment material is to convey important information about the research, it is also crucial that the information presented holds the reader’s attention. For this reason, the explanation of the research design is introduced by alluding to the benefit of the design for the participants. Vernon (2009) postulated that the feedback after each round challenges participants to explore their knowledge in a particular area and consequently the they may experience learning and development through the process. Likewise, Avella (2016) argued that even outlying responses may result in new considerations or reflections by participants. Through the feedback reports, the participants may benefit from the process by developing and learning.

Delphi users have flexibility in the type of feedback that is provided to participants and therefore the potential for development will not necessarily be evident in all designs. Some Delphi users opt to provide the groups' position in the form of descriptive statistics and then include only the outlying respondents' comments (von der Gracht, 2012). Limiting the qualitative feedback to the outliers' comments would result in the majority of the participant's receiving the view of the minority. Naturally, without exposure to the rationale behind the majority response, it is unlikely that that the individuals with extreme positions will learn from the experience. The feedback in this study included all the comments from all of the participants. On the other hand, learning and development through the Delphi does not necessarily only occur as a result of the feedback. Three of the pilot study participants, who were only asked to complete one round, expressed, before receiving their feedback, that the questionnaire challenged them to think about different areas of their business and their behaviour, and that they felt they had learnt from completing the questionnaire. The potential for learning and development was included in the recruitment material.

With the support of some evidence, Porter (2004) suggested that another method of improving the participation rate of a survey is asking for help. According to Porter (2004), if a potential participant is inclined to follow the norm of social responsibility, then it is more likely that the individual will participate if the request is phrased as a request for help or assistance. Following that logic, the communication used to recruit potential participants included a personal request to assist with completing the research, but also a request to assist future small business owners through participating in the research. The general importance or possible value of the research was reiterated several times as part of the recruitment process.

The importance of committing to the study was also repeated several times in the recruitment process. Unlike studies that only make use of one round, this process required participants to complete a time-consuming questionnaire three times, and they were therefore urged to make an informed decision before committing to the study. The aforementioned efforts were made in an attempt to recruit participants for the study. There were also measures taken to minimise the dropout rate over the rounds.

Avella (2016) recommended that even though providing an approximation of the time commitment of the study might not be possible, participants' expectations should be managed to reduce the drop rate later. In the personal discussions and the recruitment material, potential participants were warned that the questionnaire would be time consuming to complete. The participants were provided the dates of the rounds in the recruitment material and the time for questionnaire completion was stated as taking between 45 minutes to 60 minutes. The pilot study revealed that the time taken to complete the questionnaire varied drastically between participants and therefore an additional sentence was added to the recruitment material stating that some participants in the pilot study took up to four hours.

Potential participants were asked whether they might be willing and able to participate in the research in the personal or initial contact. The potential participants who agreed, were encouraged to make an informed decision on more information, the recruitment email. At the end of the recruitment material, participants were once again reminded that the success of the study is dependent on their commitment and they were encouraged to make an informed decision before participating. Finally, participants were also sent a link to complete an informed consent document before participating in the study. The consent document can be seen in Appendix J. The consent document once again explained the procedure and estimates a time requirement.

Once the participants' commitment to the study was established, the loss of motivation and possible round-fatigue, as stated by Vernon (2009), needed to be managed. Follow up letters, emails and phone calls are recommended to improve the participation rate (Colton & Hatcher, 2004; English & Kernan, 1976; Hsu & Sandford, 2007b). Examples of the communication with the participants at the start of each round and the reminder emails can be found in Appendix J. The deadline for each round was provided in bold and the first reminder to complete the questionnaire was sent after four days. Another email reminder with the link to the questionnaire was emailed on the final day that the questionnaire was due. The emails also contained tips to make completing the questionnaire easier and encouraged participants to contact the researcher if necessary.

After the first round's deadline was missed by several participants, more time was afforded to those who requested it. The connectivity issues of the participants who lived in remote areas necessitated more hands-on assistance as their responses did not necessarily save, duplicate responses were logged, and they could not always continue from where they stopped. The responses were completed, but this did require additional time. The respondents were given an additional four days to complete the first round. The additional time granted was taken from the time assigned to completion of the feedback reports and generation of the questionnaire for the second round.

Compiling the feedback reports, generating the next questionnaire and distributing the questionnaire and personalised feedback reports was time consuming, but fortunately the questionnaires and the feedback for the second round were sent to the participants as per the schedule. Seven of the participants failed to complete the second round by the deadline. Again, additional time was given to participants to complete the questionnaire. For the second round, an additional six days were given to the participants to complete the questionnaire. This left one day to compile the feedback reports and generate the questionnaire for the final round. Compiling the feedback reports took a minimum of 15 hours to complete. Over and above the feedback reports, time was needed to generate the final round's questionnaire. Allowing the participants additional time meant that some of the participants received the final round's questionnaire a day later than intended. Priority in sending out the feedback reports and links for the final questionnaire was given to the participants who completed the rounds within the time frame, so that they would not be inconvenienced by the delay. Ten participants missed the deadline for the final round. The participants were afforded an additional eight days to complete the questionnaire, which meant that the feedback reports were sent out two to three days later than intended.

Admittedly, the ideal scenario would have resulted in more time to generate the feedback reports and all of the rounds commencing as per the time frame given to the participants at the start of the study, but the additional time given to the participants was done on request and with the hope of maintaining as many participants, and their valuable insights, as possible.

3.6.1.3 Reporting of the response rate

Having provided information on the efforts to improve the participation rate, this section covers the various participation rates for the rounds, as well as qualitative insights gathered from participants and non-participants.

The evaluation of the questionnaire prior to the study was done by three people and the response rate for this was 100%. Upon deciding to conduct a pilot study, the aim was to make use of three participants, but as the criteria for the study was changed, the pilot study sample increased. Nine participants volunteered or agreed to participate in the pilot study and eight participants completed the questionnaire (88.89% participation rate).

Prior to the first round, 39 potential participants were contacted directly. Eight of the 39 potential participants declined participation (20.51% declined rate). Four of these eight small business owners did not meet the criteria and therefore could not be included. Two of the potential participants declined participation due to international travels coinciding with the study dates and the other two stated that they could not commit to the time required by the study. Not including the small business owners who could not participate due to not meeting the criteria, the refusal rate was 11.43%.

Thirty one participants who met the criteria agreed to participate in the study. The participants were not asked to provide reasons for participating, but during the personal communication, several participants expressed their reasons. One participant noted that as an alumnus of the university he was happy to participate. There were in-person encounters with 21 of the 31 participants who agreed to participate and, therefore, naturally a dominating reason for participation was a personal affiliation or relationship with the researcher. Lastly, a few participants noted that they believed they could learn or gain additional insights from participating, they were interested in the topic and wanted to participate in sharing of information, or they thought that the research was valuable.

Of the 31 participants, only 23 completed the first round (74.19% participation rate). Of the small business owners who provided reasons why they did not complete the first round, all of them except one, stated reasons relating to the time requirement of the study. The only other reason was due to bad connectivity making it too difficult to participate. Although extensive effort was made to warn participants about the length of the questionnaire, several participants, including participants who completed all three rounds, commented that they underestimated how long it would take them to complete the questionnaire.

One participant was deterred from completing the other rounds and stated that the first round took over five hours to complete. Another participant completed the questionnaire for the second round in 18 minutes, including additional comments. The questionnaire can be completed relatively quickly, but it will depend on the extent to which the participant engages with each question. The former participant, who originally took in excess of five hours to complete the questionnaire completed all three rounds after being reminded that he did not have to add additional comments and that the questions are repeated in the subsequent rounds.

It was assumed that the second and third rounds would require less time from the participants. Of the 23 participants who completed the first round, 21 participants completed the second round (91.30% participation rate). The assumption about the time requirement was, however, not accurate, as some participants noted that the second round took them longer than the first round, as they spent time responding to the other participants' comments. One of the participants made telephonic contact to withdraw from the study and stated the time requirement, coupled with a death in the family as her reason for withdrawing. The second participant to drop out after the first round did not make contact or provide a reason.

Of the 21 participants who completed the first and second rounds, 20 went on to complete the third and final round (95.24% participation rate). The only participant to drop out after the second round continuously responded to contact or made contact and requested more time or said that he would complete the questionnaire. After extending the deadline by eight days and no further contact from the final participant, it was accepted that he would not complete the final round. In conclusion, the final participation rate of participants who completed the first round to the final round was 86.95% (20 out of 23).

3.7 Ethical considerations

Reflecting on the potential ethical risks is an important aspect of conducting research - especially research that involves human subjects. The main aim of reflecting on potential ethical risks is, as stated by Horn, Graham, Prozesky and Theron (2015), to ensure “that the rights, interests, privacy and dignity of the research participants are protected”. An institutional review board, the Research Ethics Committee Human Research (Humanities) of Stellenbosch University (REC: Humanities) in this case, is tasked with weighing up the possible harm of a study against the benefits or value obtained by conducting the study (Connelly, 2014). An application, detailing the ethical considerations and the research design, was submitted to the REC: Humanities. The application was reviewed, and approval was granted in March 2019.

When conducting research, the participants’ autonomy must be respected (Horn et al., 2015). According to Orb, Eisenhauer and Wynaden (2000) this means that participants should have the right to voluntarily agree or refuse participation in the study. Voluntary participation in this study was achieved by ensuring that the participants gave their informed consent prior to participating in the study. Informed consent refers to the participant agreeing to participate in the process, after being informed of all the important aspects of the research process and design (Van Deventer, 2007).

Kosinkski, Matz, Gosling and Stilwell (2015) argued that due to the copious amounts of online consent forms and license agreements, individuals have become conditioned to select “agree” without properly perusing the information, and this puts both the participant and the researcher at risk. It was vitally important to obtain participants’ commitment for this study, and as such, information about the requirements of the research was reiterated to the potential participants several times. Therefore, even if the informed consent document was completed without thorough examination of the information, the potential participants received the information through personal communication and an email sent before they received the information in the consent document to complete.

Buchanan and Hvizdak (2009) raised another concern about the use of online tools, which is, that the questionnaire, if shared electronically or through social media, could be completed by someone other than the intended participant. This could result in underage individuals participating in the study or individuals who do not meet the criteria as set out by the researcher. To guard against this, and because this study made use of a very specific sample, the questionnaire was distributed as a link via email and configured to only be accessible to recipients of the email. Moreover, the participants' identities were known by the researcher and as such the online software used was configured to display the email address with the responses of the participant.

The research design was approved by the REC: Humanities, but as Van Deventer (2007) rightfully pointed out "an ethical design with an unethical implementation is equal to an unethical research process". As a result of the design of the study, the participants' identities were attached to their responses and known by the researcher. It is important to, at various steps in the process, consider the participants right to privacy (Horn et al., 2015) and therefore their identities and responses did, and will, remain confidential as far as possible.

When considering the potential risks of a study, van Deventer (2007) pointed out that researchers should be mindful of the possible psychological dangers of participation. None of the instruments used in this study are classified as psychometric tests. Moreover, the sample did not include any vulnerable groups. The questions sought only to elicit information about the small business owners' experiences, preferences and opinions of the proposed competencies and outcomes. The participants were free to share as much or as little as they would like.

Orb et al, (2000) suggested that researchers making use of qualitative research techniques should be aware of sensitive issues that may arise during the process. Moreover, researchers making use of the Delphi do not only play an active role in facilitating the process, but they also moderate the feedback. The term 'controlled feedback' is used, because the researcher decides on the information provided back to the respondents and in what manner the feedback is given (von der Gracht, 2012). For the most part, the participants' comments were left unaltered, except for corrections such as typos, spelling and grammar, and the removal of identifiable information. Notwithstanding this, there were two instances where the content of comments was altered.

In the first round, a participant made a comment that could possibly be construed as offensive. The exact comment was "*as a white 58 year of male with little chance of employment, it is very important (for this business to survive and continue)*". The participant's view is respected, and it is possible that other participants may have agreed with the comment or not found it to be offensive, but race is a sensitive topic in South Africa and as such, the comment could have possibly derailed into a racial debate. It is further acknowledged that legislative initiatives, implemented to correct the inequalities that resulted from apartheid such as the Employment

Equity Act (1998) and the Broad-Based Black Economic Empowerment Act (2013), could have an impact on the racial composition of small businesses in South Africa, could influence the choices that small business owners make and could also act as a push factor for why an owner may start a business. The comment does offer insight and it is acknowledged that it could have resulted in other participants providing valuable insights into the topic, however, considering the sensitivity around the topic of race and the scope of this research, the possible benefit did not outweigh the possible risk. The comment was altered and read as follows in the feedback report "*As a x x-old x with little chance*...". The sentence does not read well, but any other alterations would have significantly changed the comment or resulted in it being removed altogether.

The only other alteration to a comment was entering symbols to replace a profane word. Ideally, the small business owners' comments would have been entered verbatim into the feedback reports, but it was more important to ensure that all the participants' felt comfortable throughout the process, that the objective of the study and the Delphi was not lost due to derailing conflict and to mitigate any against any potentially unnecessary offence.

3.8 Analysis and interpretation of information

In line with Gallego and Bueno's (2014) recommendation, the questionnaires for this study included both open-ended and closed ended questions, and consequently more than one analysis technique should be applied to appropriately interpret the wealth of information received from the participants. The analysis should complement the objective of the research, which is, to provide rich descriptions of the owner-managers' perceptions, opinions and experiences of the proposed competencies and outcomes, as well as the definitions of the proposed competencies and outcomes.

According to Kim, Sefcik and Bradway (2016), "qualitative description" is an appropriate objective to develop and refine information for future questionnaires or interventions. Yet, to categorise the analysis as descriptive may be misleading as some authors believe that descriptive research should seek to only describe the information and not provide interpretations thereof. Sandelowski (2000) addressed this and pointed out that no description is truly free of interpretation, as the researcher will decide what to include in the description and moreover, phenomenological or grounded theory approaches require the researcher's interpretations. The purpose of conducting the Delphi was to enrich and add to current fragmented literature on the topic and consequently, the new information should be examined and interpreted along with the theorised competencies and outcomes. The small business owners' comments on the definitions and their comments or rationale for their other responses will be examined and interpreted to provide contextual, explanatory information.

The qualitative and quantitative information collected in this study requires different analysis techniques, however, they should not be interpreted independently. Frels and Onwuegbuzie (2013), encouraged researchers to administer quantitative instruments with their qualitative research methods to enhance the understanding of a construct under consideration. Frels and Onwuegbuzie (2013) were referring to quantitative instruments that can produce generalisable results, but nonetheless, when both quantitative and qualitative information is collected, the value lies in interpreting them together. This may seem self-explanatory, but this is not often done by Delphi users.

The qualitative data derived from using a Delphi is usually analysed after the first unstructured round to develop the questionnaire for the subsequent rounds (Powell, 2002). Ergo, the qualitative data influences the quantitative data, but they are not analysed together. Furthermore, the primary objective of most Delphi users is to measure the level of consensus (Dalkey & Helmer, 1963). The participants' comments and reasons for their responses are therefore only used in the feedback given to participants to encourage them to modify their responses. The participants' comments are seldom reported and they are rarely interpreted with the final qualitative results obtained (Rowe & Wright, 1999). This research will interpret the qualitative data in conjunction with the quantitative data to provide a more holistic picture of the information collected.

3.8.1 Understanding consensus in the Delphi

The original objective of the Delphi, as stated by Dalker and Helmer (1963), was to obtain consensus of opinion of a group of experts. From this we can infer that consensus was a primary objective of the original Delphi design. Although the objective of consensus is still important in the design, it is not necessarily the primary objective anymore (Woudenberg, 1991). Measuring consensus is not the primary objective of this study but examining the level of consensus could possibly add value to the topic.

Examining consensus, however, is not a simple task. One of the criticisms leveraged against Delphi users is that there is no clear definition of consensus in the Delphi (Shariff, 2015). Humphrey-Murto and de Wit (2019) reiterated the concern of defining consensus in the Delphi and added that the definitions and measures of consensus vary drastically and are poorly reported by researchers. To clarify some of the confusion around consensus, it is necessary to differentiate between the different terms and their attached meanings.

According to Dajani et al. (1979), consensus is most often measured by a certain percentage of responses falling within a predetermined range. This measure of consensus can also be referred to as a measure of agreement (von der Gracht, 2012). Stability on the other hand, refers to a decrease or lack of variance in the responses between rounds, or to the similarities in participants' responses between rounds (Dajani et al., 1979; Meyrick, 2003). Convergence has been used to refer to the reduction of variance between rounds and to the level of agreement or movement towards a higher level of agreement (Dajani et al., 1979; Tigelaar, Dolmans, Wolfhagen & van der Vleuten, 2004). The measure of stability has, at times, been separated into individual stability and group stability (Dajani et al., 1979; von Gracht, 2012). According to Dajani et al., (1979) stability, determined by the lack of statistical significance in the differences between rounds, could occur without convergence and thus they are distinct measures.

Stability, convergence, agreement and consensus have all been used as justifications to terminate the Delphi process (Vernon, 2009; von der Gracht). Aside from the aforementioned, there are other stopping criteria that have been used by Delphi users. This study limited the number of rounds to three and as such the number of rounds served as the stopping criterion. In addition to having a predetermined number of rounds, researchers have also used unanimous rejection by participants or disagreement, and bipolarity (when there is an equal divide between the responses) (Dajani et al., 1979; Vernon, 2009). Having clarified the relevant terminology, we turn to the next challenge, which is the lack of clear rules or guidelines to measure or define what constitutes as suitable level of consensus, agreement or stability (Powell, 2002).

3.8.2 How consensus is measured

The Delphi does not offer rules on the level of variance that should be considered as satisfactory consensus and therefore researchers have often made use of their own predetermined level of agreement (Powell, 2002). Meyrick (2003) investigated 126 Delphi papers and found that 33 different statistical measures were used to determine consensus. For a useful and extensive list of various qualitative, descriptive and statistical measures of consensus used in the Delphi, refer to Von der Gracht (2012).

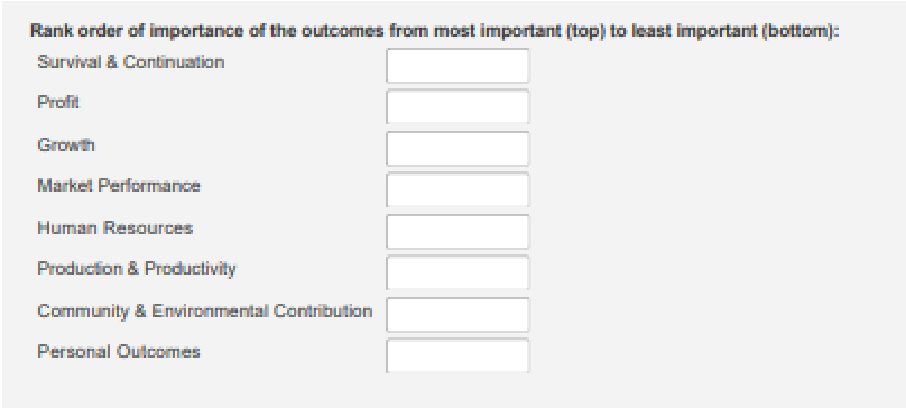
The most commonly used measures include the measures of central tendency (mean, mode and median) and the measures of spread and dispersion (standard deviation and inter quartile range) (Meyrick, 2003). It would seem, however, that the specific rules to determine the level of consensus are chosen arbitrarily. For example, Vernon (2009) noted that consensus varied from 55% to 100% agreement, with 70% being the most common. Ulschak (1983) used a seven-point Likert-type scale and the level of consensus was defined as 80% of the responses falling within the top two scales. According to Powell (2002), some researchers omit a level and simply state that consensus is implied. One well established measure of consensus is Kendall's coefficient of concordance, otherwise known as Kendall's W (Kobus & Westner, 2016). Okoli and Pawlowski (2004, p. 26) noted that Kendall's W is widely acknowledged as "the best" metric for non-parametric rankings.

3.8.3 Determining the measurement level

The choice of metric or test depends on the data, as well as the researcher's approach to the data. The questionnaires in this study included three different types of questions. The first type, where participants were asked to provide comments or reasons for their responses, is purely qualitative and will be analysed using qualitative descriptions and interpretations. The other two types of questions are both quantitative, but the data derived differs and as such could impact the choice of test performed.

The participants were asked to rate each proposed outcome and competency cluster on 5-point Likert-type scales. The respective anchors used for the five points are depicted in Figures 3.2 to 3.4. These types of questions will be referred to as the rating questions. After rating all the proposed outcomes and competency clusters, the participants were asked to rank the proposed outcomes and competency clusters from most important to least important. These questions will be referred to as the ranking questions. Before the emergence of evidence that rating questions can produce similar results to ranking questions in terms of relative importance, ranking questions were the most popular choice amongst survey researchers (Alwin & Krosnick, 1985).

Ranking questions require that the respondents compare the items to assign fixed positions. In this case, the participants had to rank the proposed outcomes and competency clusters from most important to least important by dragging them into position. The software hosting the questionnaire was configurated to allow the participants to move the items around until they were satisfied with the order, but the items had to be assigned unique positions. An example of the ranking question is depicted in Figure 3.5.



Rank order of importance of the outcomes from most important (top) to least important (bottom):

Survival & Continuation

Profit

Growth

Market Performance

Human Resources

Production & Productivity

Community & Environmental Contribution

Personal Outcomes

Figure 3.5 Example of ranking question

The participants were asked to drag the proposed outcomes from the left column to the right column to encourage them to actively think about the relative position. The ranking questions were used to examine the relative importance of the items, but they do not measure the degree of preference (Stevens, 1946; Cook, 1978). That is to say, from the ranking question, we can examine whether a participant believes profit is more important than personal outcomes, but we cannot measure the exact amount by which they differ. The most important attribute of ranking scales is the order of the items; therefore, they are categorised as ordinal scales (Stevens, 1946).

The ranking questions can quite easily be categorised as ordinal. This categorisation, however, is not as clear for the Likert-type scale rating questions. Literature on whether Likert scales are ordinal or interval is riddled with contrasting views and approaches, and naturally this has resulted in some confusion among researchers (Carifio & Perla, 2008). Determining the measurement level (ordinal or interval) is important since it will impact the choice of statistical analysis (Murray, 2013). In addressing the age-old debate, Carifio and Perla (2008) referred to the "ordinalist" and "intervalist" positions.

It has become common practice for researchers to assume that Likert scale data equates to an interval scale (Harwell & Gatti, 2001; Jamieson, 2004). Stevens (1946) and Siegel (1957), whose research supports the ordinalist position, both commented that most of the scales used in behavioural science and psychology are ordinal, rather than interval. Understandably, Jamieson (2004) criticised researchers for making assumptions about the measurement level without providing arguments or justifications in support of their assumptions. Similarly, Knapp (1990) advised researchers to, firstly, make an informed decision of the measurement level and then, based on whether the researcher can confidently justify the chosen measurement level, determine the appropriate statistical tests that can be applied.

Stevens (1946), Siegel (1957), Knapp (1990) and Jamieson (2004) all held the ordinalist position. Stevens (1946) explained that an ordinal scale is “order-preserving”, with unequal interval sizes and uncertainty about the linearity. In contrast, an interval scale has well defined intervals between the scales and these intervals are usually equal in size (Kuzon, Urbanchek & McCabe, 1996). Siegel (1957) further stated that interval scales have the properties of ordinal scales, but then they also have real numbers assigned to the intervals, with a constant unit of measure. A good summation of the ordinalist view, is Jamieson’s (2004, p.1218) statement (paraphrased from the work of Kuzon et al., 1996), “the average of fair and good is not fair-and-a-half; this is true even when one assigns integers to represent fair and good”.

Norman (2010), who did not support the ordinalist position, agreed with Jamieson’s (2004) argument that the intervals on Likert scales cannot be assumed to be equal and therefore, strictly speaking, by that logic, are ordinal. That being said, Norman (2010) also supported the argument raised by Carifio and Perla (2008) and added that the logical arguments presented by those who hold the ordinalist view often neglect to mention the data presented by numerous studies of robustness that provide support for the intervalist position. In addressing the five-decade debate, Carifio and Perla (2008) made two very strong convincing points to be considered. Firstly, Carifio and Perla (2008) reported empirical evidence in support of the intervalist position. Secondly, and of a greater significance to this study, Carifio and Perla (2008), pointed out that most confusion in the debate, or arguments in support of the ordinalist position, do not make a distinction between a single Likert-type scale and a Likert scale. A single Likert item or Likert-type scale, when examined in isolation, does not meet the properties of an interval scale, but numerous studies have provided empirical evidence that shows that a Likert scale, a collection of Likert items, produces interval data (Carifio & Perla, 2008; Norman, 2010).

Although there is sufficient evidence to justify that Likert scale rating questions can produce interval data, this categorisation and subsequent statistical analysis must be accompanied by appropriate assumptions about the data to meet the necessary criteria (Carifio & Perla, 2008; Jamieson, 2004; Murray, 2013; Norman, 2010). In this study, the proposed outcomes were only examined by making use of one Likert item, and the proposed competencies were examined on three Likert items. Accordingly, the rating questions are Likert-type scales and not Likert scales and as such will not produce interval data.

3.8.4 Determining the appropriate statistical tests

Examining the measurement level and discussing the researcher’s approach to the ordinalist and intervalist debate is necessary as the conclusions will inform the appropriate statistical tests that can be applied (Knapp, 1990; Murray, 2013). The descriptive and inferential statistical tests that can be used appropriately, differ for ordinal and interval scales (Jamieson, 2004). According to Carifio and Perla (2008), the researcher views of the measurement level will determine whether parametric or non-parametric measures are appropriate. Contrary to that, Anderson (1961) noted that interval data is not necessarily a prerequisite for parametric measures and the resulting statistical inferences. Despite Anderson's (1961) statement, the first of the "seven deadly sins of statistical analysis" discussed by Kuzon et al. (1996) is the use of parametric analysis for ordinal data. Unlike parametric measures, nonparametric measures are "distribution-free" and do not require assumptions about the normality of the variables (Savage, 1957).

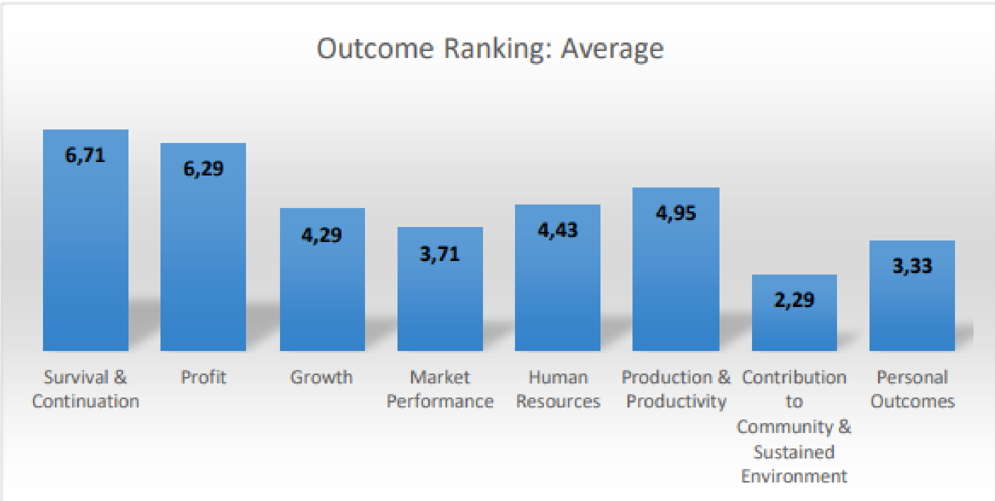
By failing to make reference to the assumed measurement level, researchers run the risk of firstly adopting inappropriate statistical tests, and secondly, coming to incorrect conclusions about the significance of their study (Jamieson, 2004). This is often the case with Delphi users, as commonly used measures of consensus include measures of central tendency and measures of dispersion (Meyrick, 2003). The mode, median and mean are the three most common measures of central tendency, yet the mean is technically only appropriate for interval or ratio scales (von der Gracht, 2012). Stevens (1946) adopted an even more conservative approach and limited the permissible statistical analysis of ordinal scales to percentiles and the median.

Shariff (2015) referred to Delphi users who use the mean and standard deviation to provide descriptive statistics for their ordinal data, as the Delphi usually produces nominal or ordinal data. The questions for the Delphi are, for the most part, rating and ranking questions, and as such, the use of the standard deviation to indicate consensus or agreement amongst the experts has been discounted in literature (Worrel, Di Gangi & Bush, 2013). Schmidt (1997), whose paper focused on the Delphi technique, explained that the use of standard deviation of ranking questions is misleading, because ranking questions do not have fixed intervals with absolute reference points. Habibi et al. (2014) reached the same conclusion about using statistical techniques that include calculating the mean, but reasoned that the Delphi makes use of experts and therefore, if the sample is truly made up of experts - who are usually not easily accessible or widely available, the sample will be too small to result in interval data. Although the standard deviation is often used as a measure of agreement or consensus, it is not appropriate for an ordinal scale (Meijering, Kampen & Tobi, 2013).

Although, it is generally accepted that the mean and standard deviation of ordinal data is not appropriate, it is still being used by Delphi users, especially in the feedback to participants between rounds. Acknowledging that the scale in this study was ordinal, the respondents received their feedback of the rating questions in the form of relative frequencies. This, however, was not practical for the ranking questions. A single feedback report was about 60 pages long and participants received three feedback reports in total. To provide relative frequency graphs for the ranking questions would have resulted in an additional 20 graphs (eight for the outcomes and twelve for the competencies). In an attempt to make the already extensive feedback less burdensome for the participants, the decision was taken to display the ranking feedback as the mean (average) scores. An example of the ranking feedback is provided in Figure 3.6.

SECTION 2:

Ranking of the outcomes from 1 (least important) to 8 (most important). Below is a graph depicting the average scores for each outcome as ranked by the participants.



YOUR RESPONSE IS: Least Important: – Human Resources - Contribution to Community & Sustained Environment – Personal Outcomes – Market Performance – Survival & Continuation – Production & Productivity– Growth – Profit: **Most Important**

Figure 3.6 Example of ranking feedback

This research acknowledges that calculating the average scores of the ranked items is not technically appropriate. It did, however, reduce the length of the feedback report significantly and it served the primary purpose of the feedback, which was to graphically illustrate the differences in ranking.

Another required acknowledgement, and possible criticism that could be leveraged against this study, was that there was no predetermined level of consensus. Numerous authors have criticised Delphi users for not defining their choice of measure for consensus and for not setting a minimum consensus level based on the choice of measure prior to commencing with the study (De Villiers et al., 2005; Humphrey-Murto & de Wit, 2019; von der Gracht, 2012). This criticism is, of course, understandable, but it is also understandable that researchers are discouraged from reporting a predetermined level of consensus due to the criticism of the levels chosen. Similar studies that made use of relative frequencies as their feedback followed the guidelines and set predetermined minimum consensus levels ranging from 55% to 100% (Vernon, 2009). These thresholds, however, are unscientific and arbitrary (Meyrick, 2003).

In some cases, the consensus threshold was set based on similar research studies (Elwyn, 2006). It is also possible that researchers, who are experienced in the Delphi and their specific topic, could estimate fairly accurate consensus levels. This was not possible in this case, as the literature on the topic does not provide insight into an appropriate level of consensus and even if other similar studies provide thresholds, would the justification for the threshold be sufficiently substantiated? It does not seem proper to set an arbitrary threshold, that cannot objectively be interpreted, purely to meet a rigor criterion. Furthermore, the primary objective of this Delphi was not consensus. Examining the level of agreement is valuable and provides insight into the topic, but this study did not aim to make definitive statements about the level of consensus among expert small business owners about the proposed outcomes and competency clusters. The level of agreement will be analysed in conjunction with the other information received from the participants to provide descriptions and theoretical interpretations of the information.

3.8.5 Descriptive statistical analysis

To further the objective of providing descriptions and theoretical interpretations of the information, the rating questions will be analysed by examining the standard deviation and the mean. This is not done to provide conclusive statements about the ratings of the proposed outcomes or competency clusters, as it is fully and transparently acknowledged that the data is ordinal and therefore calculating the mean and standard deviation is not appropriate.

De Villiers et al. (2005) conducted a similar study to this one, with a sample of 20 experts. They used a scale from one to four and calculated the mean as an indication of the overall support for the item and the standard deviation (SD) as a measure of spread (De Villiers et al., 2005). They set specific thresholds for the mean to provide interpretations (De Villiers et al., 2005). This research will not examine the mean or SD against specific thresholds, as the calculations are purely supplementary. The mean in this case will be calculated to illustrate the overall level of importance, frequency and level of expertise required as rated by the owner-managers. The SD will be used to provide a description of the consensus (spread of the responses) of each item.

The mean will be divided by the SD to give an overall indication of the ratio of the level and spread of an item. Given that the overall importance of an item is of greater interest than the consensus, the mean will be squared to give it a stronger weighting in the calculation. Examining a ratio that makes use of the mean and standard deviation is not unique to this Delphi study. English and Kernan (1976) found that making use of the coefficient of variation, which is the SD divided by the mean, was a useful way to record their findings. They used the coefficient of variation as a measure of consensus and as their stopping criteria, and therefore they provided a table depicting their decision rules about the specific level of coefficient of variation and the meaning thereof (English and Kernan, 1976). The thresholds provided by English and Kernan (1976) were also discredited as being chosen arbitrarily (Dajani et al., 1979).

The rating provided by the owner-managers will be examined by looking at the mean squared divided by the SD and not the coefficient of variation, as used in English and Kernan (1976). This distinction is made to avoid any misperceptions about comparisons across studies. The calculations are not used to provide conclusive interpretations, but rather to supplement the descriptions and theoretical inferences. Therefore, the information derived will not be compared to a decision rule or specific threshold and no definitive conclusions will be reported about whether the consensus is acceptable or unacceptable. Furthermore, the objective is to provide rich and meaningful insights into the topic. By performing these “inappropriate” calculations, one can provide more illustrative descriptions of the differences in responses of the various proposed outcomes and competency clusters. While it is necessary to reiterate the point that the findings derived from these calculations cannot be used for comparisons with other studies, they are very useful in enriching the comparisons between the proposed outcomes and competency clusters of this study. Thus, theoretical descriptions and interpretations of the differences in responses for the different proposed outcomes and competency clusters will be provided.

3.8.6 Kendall’s coefficient of concordance (W)

The “inappropriate” calculations described will be performed to further the objective of this study and they are used to examine each proposed outcome or competency cluster individually and then in relation to the others. Considering that the scale is ordinal and thus the appropriate statistical analysis is non-parametric tests, the agreement amongst the participants will also be examined by making use of the most popular and widely accepted non-parametric test among Delphi users – Kendall’s coefficient of concordance (W) (Cook, 1978; Knapp, 1990; Siegel, 1957; Schmidt, 1997).

Unlike the previously discussed calculations, Kendall's W can be calculated for ordinal data and is more appropriately used for ranking data (Siegel, 1957). Moreover, Kendall's W provides an indication of the agreement amongst the participants for all the items (von der Gracht, 2012). The consensus of each individual item is not measured, but rather the W provides information about the level of agreement between the respondents (Habibi et al., 2014). Therefore, contrary to the mean squared and SD ratio, which will be calculated for each individual item, the W will be calculated and reported for the proposed outcome ratings and rankings, and then the proposed competency cluster ratings and rankings. The two different analyses provide different and complementary insights into the proposed outcomes and competency clusters.

Kendall's W is a well established measure of consensus for Delphi studies that makes use of ranking data (Kobus & Westner, 2016). Schmidt (1997) advocated for the use of Kendall's W as an appropriate, and good measure of consensus and the change in consensus between rounds. Schmidt's (1997) study further contributed to the use of Kendall's W by providing a guideline for users to interpret their findings. The guideline is depicted in Table 3.4.

Table 3.4

Interpretation of Kendall's W

W	Interpretation	Confidence in Ranks
.1	Very weak agreement	None
.3	Weak agreement	Low
.5	Moderate agreement	Fair
.7	Strong agreement	High
.9	Unusually strong agreement	Very high

(Schmidt, 1997, p.767)

Kendall's W provides a value between zero and one, where one implies perfect agreement between the respondents and zero implies no agreement (Chen & Pak, 2017; Schmidt, 1997). According to Worrell et al., (2013) Delphi users usually aim for a W of .7 or higher to indicate strong agreement.

Ranking and rating questions have been analysed using Kendall's W, but it is more suited to ranking data with very few ties in responses (Keil, Cule, Lyytinen, & Schmidt, 1998; Schmidt, 1997). When using Kendall's W for rating questions where there are several ties, the ratings need to be converted into ranks, and the calculation needs to be adjusted (Meijering et al., 2013; Nevo & Chan, 2007). Schmidt (1998) noted that the calculation can be adapted to account for ties in ratings but advised that it is preferable to use Kendall's W for ranking data with little ties as the calculation is simpler and the results are clearer.

Kendall's W is applied in Delphi studies to provide an indication of the consensus; however, Kendall's W is technically used to measure the rating capabilities of the respondents (Nevo & Chan, 2007). Accordingly, it is often referred to as a measure for inter-judge reliability, interrater reliability or interrater agreement (Nevo & Chan, 2007; Habibi et al., 2014; von der Gracht, 2012). The purpose of the metric is important for the interpretation of the results. In this study, there are both ranking and rating questions, with it being very likely that the rating questions will result in several ties. The analysis performed will need to consider the impact of the ties on the calculation and the interpretation of the results. Furthermore, although Schmidt (1997) provides a useful guideline for interpreting the W, there are other factors that need to be considered in the interpretation and therefore the W will be interpreted with caution and consideration of additional factors (Meijering et al., 2013).

Kendall's W will provide useful information about the level of agreement between the respondents. The primary purpose of this study, however, was not to measure the level of consensus and as such the use of Kendall's W will not be limited to reporting on the level of consensus. To enrich the descriptions and interpretations of the information obtained from the owner-managers, a pairwise comparison will be conducted of the various Ws. Moreover, this information will be illustrated further by making use of multi-dimensional scaling (MSD).

Bishop and Herron (2015, p. 300) phrased it well, when they wrote:

In the end, it seems the most important thing to keep in mind, is that statistical analyses are not an end in themselves, but rather a means to an end. Statistics are a tool to enable investigators to think about the data, ultimately, the population. Statistics are not a substitute for thinking about what data truly mean, and what data are showing about the population.

The discussion of the findings will be done in accordance with Bishop and Herron's (2015) view, with the objective being to provide the statistical findings, along with rich and meaningful descriptions of the information obtained from the owner-managers.

3.9 Evaluating the Delphi

Poor reporting or "sloppy" execution on the part of researchers has contributed to the criticism against the Delphi, however, those objections are with the execution and not the actual technique. The criticism of the Delphi technique usually focusses on the subjectivity or unscientific nature of the technique (Rowe et al, 1991). These criticisms are most often found when researchers make use of the Delphi in disciplines that have a clear preference for positivist paradigms and statistical evidence (Sampson, 2019).

3.9.1 Evaluating the Delphi by its objective

Collingridge and Gantt (2008) offered a different view of reliability and stated that “reliability in qualitative research typically refers to adopting research methods that are accepted by the research community as legitimate ways of collecting and analysing data”. While this statement was in the context of choosing a specific qualitative research technique, it could also be applied to the choice between qualitative and quantitative data collection methods. If a discipline prefers quantitative data collection methods that are in line with the positivist paradigm, then it stands to reason that they may reject the value offered by research conducted in accordance with another paradigm, if they do not view the data collection method as a legitimate way of collecting information. Alternatively, they may evaluate the research against standards that are not appropriate for the type of research, as argued by Linstone and Turnoff (1975).

Along the same lines, if the research approach is accepted, the specific technique may still be rejected. For example, Bloor, Sampson, Baker and Dahlgren (2015) pointed out that the Delphi has a reputation for being “quick and dirty”. Likewise, Sampson (2019) claimed that the Delphi has a reputation of being “troublesome”, “relatively worn-out” and “out of fashion”. If we apply Collingridge and Gantt’s view of reliability (2008), this study’s reliability could be questioned based on the choice of research paradigm or the decision to make use of the Delphi, if the use of the Delphi was evaluated on its reputation as indicated by some authors. It, however, seems inappropriate to discredit research based on a preference for a specific research paradigm, rather than evaluating the choice of research paradigm against the objective of the study or the topic under investigation. It also further follows that if the research paradigm choice is justified and the specific technique choice is also justified in terms of the objective, then the technique and implementation thereof should be evaluated on appropriate standards for the specific technique.

The objective of this study, as discussed at the beginning of the chapter, is to fill the gaps in literature on small businesses and owner-managers in South Africa in order to develop a more comprehensive picture of the competencies and outcomes of owner-managers and small businesses. The study seeks to provide a fuller view of the competencies and outcomes, develop a clear list of the competencies and outcomes to be confirmed by further research and to provide acceptable definitions or descriptions of the competency clusters and outcomes that acknowledge the complexities of small businesses. The research follows an interpretive-phenomenological approach, but it does so, not to replace the positivist approach, but rather to complement it. The objective of the study is to provide a more holistic picture, to serve as the foundation for future research to test hypotheses in the scientific sense, in accordance with the positivist approach.

Fossey, Harvey, McDermott and Davidson (2002) believed that qualitative research adds value by developing knowledge when topics are poorly understood or intricate. Likewise, Collingridge and Gantt (2008) pointed out that ‘reliable’ qualitative methods, executed competently, should produce information that enriches the current understanding and knowledge of certain social phenomena. The Delphi, when used as a data collection technique, produces a wealth of information, as can be seen by the extensive feedback reports generated from this study (Appendix F to G). Nonetheless, the Delphi is not always utilised for the same purpose and as such the primary objective can differ.

Vernon (2008) reminded us that one of the primary purposes of the Delphi design is to measure or obtain consensus on a specific topic, but that this does not necessarily mean that consensus is the primary objective for all researchers making use of the Delphi. In this case, for example, the Delphi is used to elicit high quality responses, rather than as a forecasting, decision making or policy development tool. It is understandable that if the Delphi is being used for forecasting, decision making or policy development, that the results generated should be objective, reliable and valid. The concepts of objectivity, reliability and validity originate from quantitative research methods and the positivist approach to research (Seale, 1999). The primary purpose of the Delphi in this case, however, is not to generate results that are conclusive, but rather the focus is on obtaining high quality responses, descriptions, opinions and perceptions of small business owners.

This research does not attempt to make generalisable claims, nor is the sample selected to be representative of the population. The aim is to solicit high quality responses that contribute to the understanding of the topic at hand. That means that this research does not aim to satisfy the traditional positivist measures of reliability, generalisability and validity. It is not likely that the information obtained will be consistent over time nor will the information be consistent between different samples chosen.

3.9.2 Evaluating qualitative research

Fosset et al (2002) stated that research should be evaluated to determine whether the findings can be trusted, so as to provide knowledge and understanding of events, and to inform decision making or future research. Knowing whether research is sound and can be trusted, although evaluated differently, is of equal importance in qualitative and quantitative research (Fosset et al., 2002).

The concepts of reliability and validity, taken from the positivist paradigm, have since shifted to be incorporated in qualitative research studies, ensuring that the principles of “good science” are retained (Corbin & Strauss, 1990, p. 4; Seale, 1999). According to Collingridge and Gantt (2008), reliability in qualitative research could refer to achieving consistency in the quality of the results, rather than replicating the results. This would mean that a reliable qualitative method is one that produces different results only when the individuals involved in the study have different experiences of the topic. Differences in results therefore should not result from the manner in which the specific method was executed (Collingridge & Gantt, 2008).

Woudenberg (1991) noted that the reliability of a forecast Delphi can be evaluated if two groups of participants, who were chosen to be representative of the population, are compared. Similarly, Tomasik (2010) postulated that the difficulties of evaluating the Delphi’s reliability and validity could be overcome if the various elements of the design were to be standardised to allow for comparison across studies. The latter two examples would only be appropriate if the Delphi was modified to produce quantitative data by making use of a randomised sample that could be representative of the population. Reliability in quantitative research should not be equated to that in qualitative research, and as such researchers have adapted the terms to be more appropriate for qualitative studies. According to Golafshani (2003), researchers making use of qualitative research have become more focused on achieving precision, credibility and transferability than with replication of the results.

Similarly, the concept of validity is not applicable in qualitative research. According to Golafshani (2003), rather than measuring validity, qualitative research focuses on quality, rigour and trustworthiness. The criteria of “trustworthiness” is often used to evaluate the “credibility”, “confirmability”, “transferability” and “dependability” in qualitative research (Lincoln & Guba, 1985). Researchers also use various methods to determine or evaluate the “trustworthiness” of qualitative research and there is no single or constant method used (Chowdhury, 2015). Along the same lines, Fossey et al. (2002) referred to the criteria of “good practice” in conducting qualitative research, which includes rigour in the methodology and trustworthiness in the interpretation of the data. Humphrey-Murto, Varpio, Gonsalves and Wood (2017) reiterated the point that inconsistencies in the philosophical approach to research could result in inconsistency in the methodology, and further agreed that the criteria of rigour, which includes the criteria of trustworthiness and the other sub-criterion previously mentioned, is appropriate for the Delphi technique.

3.9.4 Evaluating the Delphi technique

This chapter has provided extensive detail about the research methodology, application and execution of the Delphi, the sample, efforts to improve the response rate, ethical considerations and other decisions and justifications in terms of the research design. Acknowledging fully that this information could be burdensome for the reader, it is unfortunately necessary as the Delphi lacks standardization and clear rules (Okoli & Pawlowski, 2004). For exactly that reason, Strasser (2017) attempted to develop a taxonomy for the Delphi as used in information systems research. Strasser (2017) attempted to develop a Delphi taxonomy to lessen the burden of readers by removing the “verbose” methodology sections without negatively impacting on the standard of rigour that is required for sound research. The proposed taxonomy in Strasser’s (2017) research cannot be applied to this study, and due to the discretion in execution of the Delphi, detailed reporting of research decisions is required.

Accurate, transparent and comprehensive reporting and documenting of the various research decisions and justifications for the decisions is widely supported in Delphi research as a requirement for enhanced rigour. Brady (2015) advocated for a “methods journal” whereby researchers improve the trustworthiness of their study by providing decision rules, justifications for variations, time frames, and other decisions taken throughout the execution of the Delphi. According to Brady (2015), readers should be able to follow the decision making and logic of the study to evaluate the trustworthiness of the research. Similarly, Asselin (2014) spoke of an “audit trail” of the actions and decisions that took place during the Delphi. McPherson, Reese and Wendler (2018) recommended that researchers provide an audit trail of the decisions made throughout the Delphi so that readers can evaluate the rigour of the study to determine its usability. Humphrey-Murto and de Wit (2019) agreed that providing clear reports and justifications for decisions should be a minimum requirement as it is crucial for readers to be able to evaluate the study.

Although Humphrey-Murto and de Wit (2019) pointed out the lack of evidence guiding the Delphi decisions, they did note that several authors have provided useful and practical recommendations for enhancing and evaluating rigour in Delphi studies. Considering the numerous variations of the Delphi and the discretion in execution of the elements, it is challenging to find practical guides that are well suited to, or appropriate for, this study. Nonetheless, many of the applicable recommendations and guidelines provided by Okoli and Pawlowski (2004) have been cited as they were used to inform design decisions. Their guidelines will not be repeated here. Humphrey-Murto et al. (2017) provided useful and simple points to consider when evaluating the rigour of a Delphi study. The straightforward rigour checklist derived from Humphrey-Murto et al's. (2017) work is presented in Table 3.5, along with an indication of the application of the item in this study.

Table 3.5

Quick Rigour Checklist

Check for rigour	Application in this study
1. Define the purpose or objective of the study	Provided
2. Outline each step of the process: if modifications were made, provide rationale for the choices made	Provided
3. Describe the selection and preparation of the scientific evidence for the participants	Provided. Quantitative results provided in the form of relative frequency graphs.
4. Describe how items were selected for inclusion in the initial questionnaire: describe the process in sufficient detail	Provided as part of the literature review
5. Describe how the participants were selected and their qualifications	Provided
6. Describe the number of rounds planned and/or the criteria for terminating the process	Provided
7. Report response rates and results after each round	Provided
8. Describe the type of feedback provided after each round	Provided
9. Describe how anonymity was maintained	Provided
10. Address potential methodological issues in the discussion	Provided

(Humphrey-Murto, Varpio, Gonsalves & Wood, 2017, p.16-18)

The checklist, as derived from Humphrey-Murto et al. (2017), broadly focuses on the key points that need to be considered and described when making use of a Delphi. Likewise, Paré et al. (2013) developed a more comprehensive guide to evaluate rigour in ranking-type Delphi studies. Unlike the broader checklist presented in Table 3.5, their checklist addresses the research design, as well as the data collection and analysis. The evaluation of rigour guideline offered by Paré et al. (2013) can be found in Appendix K, along with a self-rated evaluation of this study. The rating system used in Appendix K corresponds to the rating system presented in Paré et al. (2013).

The first round of this Delphi was modified to remove the unstructured questionnaire and accordingly the items that relate to brainstorming and narrowing down of items in the rigour checklist were not applicable and therefore not included. The rigour guideline by Paré et al. (2013) goes deeper than mere reporting of elements and rationale for decisions, as their "attributes" question what was included or excluded from the Delphi during execution, as well as the analysis of the results. A discussion of the analysis of the results will be presented in the next section.

Barbour (2001) averred that it is of upmost importance for researchers using qualitative research to make use of a systematic process and the process followed should be depicted with full transparency. The rigour checklist by Paré et al. (2013) offers value to readers to evaluate the systematic approach and transparency in reporting of this study. Moreover, the design decisions can be evaluated by the corresponding justifications provided. This research attempts to satisfy the criteria of quality and trustworthiness by making use of a systematic procedure. Full transparency in the process and the decision making was provided. Furthermore, transparency in the analysis and interpretation of the results will follow in subsequent sections. This research does not claim to satisfy hard scientific measures of reliability or validity, nor does it claim to produce generalizable conclusions, however the information obtained and presented needs to be of a high standard, quality and credibility.

3.9 Summary

Chapter 3 started with a discussion of the broad research approach and the classical Delphi technique. The Delphi technique has specific key features that need to be present in a study for the technique to be considered as a Delphi. This is because researchers often make adaptations to the classical Delphi technique and the key features are those that remain constant. This study makes several adaptations to the Delphi and therefore the classical Delphi is explained followed by an overview of how the Delphi will be applied in this study, along with explanations of the design decisions.

The Delphi technique makes use of expert panellists as a sample and therefore judgement sampling was used to secure a sufficiently large, yet manageable, sample of committed small business owner-managers. The specific criteria for inclusion was reported, along with the sample properties. Following the discussion of the sample, was an explanation of the method of information collection. This included a discussion of the development of the questionnaires and other information collection material, along with the feedback reports and additional considerations around the method of information collection.

Due to the lack of guidelines and rules for Delphi users, an additional section covered specific design considerations and concerns, such as the participation rate, efforts to improve the participation, and ethical considerations. An explanation of the analysis and interpretation techniques was provided and finally, the chapter was concluded with a section on evaluating the research, including a self-evaluation. Chapter 4 describes the information that was obtained, the results from the statistical analysis and a discussion and interpretation of the findings.

CHAPTER 4: DISCUSSION AND INTERPRETATION OF FINDINGS

4.1 Introduction

The purpose of this chapter is to discuss and interpret the findings that emerged from the Delphi study. The questionnaires used in the Delphi included both rating and ranking questions, as well as the small business owners' comments and reasons for their responses. Accordingly, various analysis techniques are needed to serve the purpose of this study, which is to identify the performance outcomes and competencies of small business owners in South Africa. Through the literature review, a list of proposed outcomes and competency clusters was developed, along with descriptions of these proposed outcomes and competency clusters. The objective with the Delphi was to supplement the fragmented information available on the topic to be able to provide rich and meaningful descriptions of the outcomes of a small business and the competencies of an owner-manager.

This chapter starts with a discussion of the proposed outcomes and competencies list and their descriptions or definitions. Any further suggestions by the participants of other outcomes or competencies are then presented and discussed. An analysis of each individual proposed outcome and competency follows the discussion of the definitions. This will include a discussion of the relative frequencies of the rating responses and the accompanying comments provided by the participants. After examining the individual proposed outcomes and competencies, the items will be compared to each other. This discussion will be supplemented by the responses provided for the ranking questions, as well as the use of the mean squared and standard deviation (SD) ratio. To conclude the discussion and interpretation of the results, Kendall's coefficient of concordance (W) will be presented to provide an indication of the level of agreement between the participants, and the participants' agreement will be further examined by making use of pairwise analysis and multi-dimensional scaling (MDS) of the Kendall's W.

4.2 Analysis and Interpretation of the outcomes

This section covers the analysis and interpretation of the outcomes. Each outcome was presented to the participants with a description. The participants were asked to comment on the definitions of the proposed outcome. Each outcome is analysed and interpreted by starting with the presented definition, followed by a discussion of the comments provided by the participants about the definitions and any additional insight that was gathered. The participants' rating of the importance is then discussed, and the section is concluded with a comparison of the outcomes and any additional outcomes proposed by the participants. These insights are not reported verbatim, but rather they are interpreted to provide a better understanding of the performance outcomes of owner-managers and small businesses. The exact comments of the participants can be found in Appendix F to G.

Table 4.1 provides an overview of the eight outcomes using the responses for the last round of the Delphi. The frequency of the ratings is presented as percentages. This provides an indication of absolute importance. To examine relative importance, the outcomes are compared using the mean. The mean was calculated on the 5-point Likert-type scale, with the anchors presented in Table 4.1 under the frequency. The standard deviation provides an indication of the relative level of consensus and the ratio provides an indication of the relative level of importance and consensus.

Table 4.1

Overview of the outcomes

Outcome	Frequency of Responses					Comparison		
	Not Important	Somewhat Important	Important	Very Important	Extremely Important	Mean	SD	$Mean^2/SD$
Survival & Continuation	0	0	0	10%	90%	4.90	0.31	78.01
Profit	0	5%	15%	10%	70%	4.45	0.94	20.97
Growth	0	15%	40%	15%	30%	3.60	1.1	11.83
Market Performance	10%	10%	10%	30%	40%	3.80	1.36	10.61
Human Resources	0	5%	10%	25%	60%	4.40	0.88	21.94
Production & Productivity	0	0	5%	10%	85%	4.80	0.52	44.04
Community & Environmental Contributions	5%	20%	35%	35%	5%	3.15	0.99	10.04
Personal Outcomes	0	5%	10%	35%	50%	4.30	0.86	21.39

4.2.1 Survival and continuation

The definition of survival and continuation as presented to the participants is depicted in Table 4.2.

Table 4.2

Definition of survival and continuation

1.	**Survival & Continuation**	Refers to when a business is financially able to continue its operations over an extended period of time or a business that can be sold for profit at a later stage. Failure implies the business could no longer feasibly remain in operation.

As it would appear, most of the participants agreed with the definition, but also offered valuable insights to be considered.

4.2.1.1 Distinguishing between survival and continuation

Interestingly, one of the participants commented that survival and continuation are completely different. The participant explained that survival is “very primal and with the short-term in mind” and continuation “takes the long-term in mind”. The example provided by the participant is if a business loses their biggest client, they may retrench 50% of their work force to survive, but this will place the continuation of the business at risk due to low team morale. This comment was well received by the other participants as indicated by the three participants who chose to explicitly note that it was interesting in the second round.

The comment about differentiating survival and continuation offers valuable insight and it can be linked back to Covin and Slevin’s (1997) explanation of small business owners being in “fire-fighting mode” and adopting “band aid solutions” aimed at solving the most pressing problems first, without much consideration for the other concerns. Ideally, business owners should have a sustainability mindset, that is to say, the owner-managers should focus on meeting the needs of the ‘now’ in order to survive, but go about doing it in such a way that the future of the business is not compromised. Whether the owner is attempting to survive now, without any consideration for the continuation of the business or whether the owner is attempting to survive now and sustain that “survival” will elicit different behaviours from the owner. Furthermore, the participant’s comment is correct in that if an owner solely focuses on surviving in the present, the future of the organisation will be placed at risk. Thus, the business may survive now, but it may not survive for very long. For this reason, survival and continuation should be viewed together so that the objective of the owner-manager is not short-term survival, but rather the continuation of the business over an extended period of time.

4.2.1.2 Developing an exit plan and a sellable business

Another participant offered an interesting comment by noting that it is important for a small consulting firm to have an exit plan in place, such as working towards turning the business into a sellable asset. For many small firms, the clients or customers do business with the owner and not necessarily the business. Their loyalty is to the owner and therefore if the owner sells the business, it might lose a significant portion of its clientele. This phenomenon is even more likely in small consulting firms, as alluded to by the owner's comment. Clients of consulting firms or professional services usually become attached to particular consultants or professionals and not the business. Therefore, if the owner's goal is to be able to exit the business by selling or transferring it, the business needs to be attractive to buyers without the work done by the owner. From this comment we can infer that continuation can mean business continuation for an extended period of time or the business being able to continue for an extended period of time without the owner. These two different views of continuation will most likely elicit different behaviours from the small business owner.

One of the participant's commented that the definition refers to a business being "financially" able to continue its operations and that continuation should not be limited to finances. The owner provided an example of a previous business he had that could no longer continue to operate due to the business lease renewal being denied. Assuming the business could not move to another location, this comment offers insight into scenarios where the business cannot continue to operate for reasons beyond finances. Another scenario may be if the owner becomes temporarily or permanently incapacitated. If the business is not a separate legal entity, it will cease to exist without the owner-manager. While incapacity of the owner did not come up in the comments, one participant did explicitly note the objective of the business being a "separate legal entity for future generations".

The business being a separate legal entity links back to the participant's comments about creating a business that is sellable. The sale or transfer of a business means the business is a separate entity. Sole proprietors and partnership businesses cannot be sold per se. If they are "sold" it will usually be in the form of selling the concept and the assets used in the business, rather than selling the business. Historically, small business owners who wanted their business to be a separate legal entity chose to register their businesses as closed corporations (CC). Closed corporations still exist but can no longer be registered. Therefore, the alternative for small business owners now is to register as a private limited company (Pty Ltd). If the owner-manager has an exit plan where the business continues to operate without them, the business will most likely need to be a sperate entity.

One of the participant's commented that failure of a business should also include businesses that are sold for a loss. This will be applicable if the owner purchased a business and sold it for a lesser amount, or this may occur if the owner sells the business for less than the capital invested into the business. The definition of survival and continuation includes a business that can be sold for a profit, thus implying selling a business for a loss is not included. Nonetheless, this comment offers valuable insight into the failure rates of businesses, which for the most part do not included businesses that were sold.

4.2.1.3 Proposed definition of survival and continuation

Finally, one of the participants added a comment saying that an owner-manager should be able to survive in any environment. This comment offers noteworthy insight, not necessarily about the definition. It offers insight into looking at survival and continuation in that it shifts the onus of responsibility of the business' survival onto the owner and not as a product of the environment in which the owner operates. Chapter 2 detailed several of the challenges that owner-managers face globally, but also in South Africa. The types of challenges are likely to change over time, but the external environment will always pose challenges for owner-managers.

To conclude, this study proposes the following, adapted definition for survival and continuation:

Survival and continuation refers to when a business is able to continue its operations over an extended period of time or a business that can be sold for a profit at a later stage.

The word "financially" was removed based on the insights provided. Furthermore, the reference to failure was removed, because, although it may have assisted the participants to provide comments, it does not describe survival and continuation as it is a distinct, albeit negative, outcome.

4.2.1.4 Importance of survival and continuation

The final round of response to the question about the importance of survival and continuation are depicted as frequencies (percentages) in Table 4.1. Ninety per cent of the participants rated survival and continuation as extremely important with the other 10% rating it as very important. It is clear by the responses recorded in Table 4.1 that the respondents agree that survival and continuation is important. From the first round to the last round, survival and continuation did not receive a rating below "important". Furthermore, the "extremely important" rating increased throughout the rounds from $f_i = 78\%$ to $f_i = 86\%$ to $f_i = 90\%$.

4.2.1.5 Income generated from the business

A very strong recurring theme that arose from the comments is the importance of survival and continuation of the business as a source of income. Several of the participants pointed out that the business is their “livelihood” and their only source of income. This theme is to be expected and as one participant commented, the business is the vehicle for the owner-managers to create and build their personal wealth. What is interesting, however, is that the comments also indicate that the participants appeared more concerned with the survival and continuation based on their perception of their own employability. One of the participants commented that his age, race and gender means that he has little chance of employment. Another owner also indicated her age as making her “beyond being employed other than as a contractor”. While it may be true that certain demographic factors can impact on an individual’s employability, the owner-managers are more likely to stress the importance of survival and continuation if they have a negative perception of their employability.

Along similar lines, another participant noted that survival and continuation “is of less importance for actuarial/technical staff as they should be able to use their skills to start their owner consulting business or work at another similar actuarial consulting business”. Again, from this comment it is clear that the level of importance is determined by the perception of employability or the ability to generate alternative income. As explained by the participants, an individual’s perception of employability appears to be linked to demographic factors such as age, race and gender, as well as technical abilities or scarce skills.

It is interesting that none of the participants commented on the high unemployment rate of South Africa as a contributing to their perceptions of employability. There was, however, a strong theme of concern for the wellbeing of the employees who are dependent on the firm for an income. This concern is most likely aggravated by the owner-manager’s perception of the employee’s employability, as the owner-manager above explicitly pointed out that it is less important for actuarial/technical staff, therefore implying that it is of greater importance to the other staff. Most of the owner-managers who expressed concern for the importance of survival and continuation as a source of income for their employees are in industries or own types of businesses that are likely to employ unskilled to semi-skilled staff.

It is interesting to note the concern that the owner-managers expressed for their employees. Although larger organisations usually employ far more people and thus the consequences of closure would likely have a wider impact, the explicit concern for individual employee’s wellbeing may be greater in a small business. This is because in a small business the owner usually knows the employees personally and interacts with them more regularly. The relationship is also likely to be more informal, because employment formalities are correlated with the size of an organisation (Kritzinger & Cillié, 1994).

Another very prominent theme that arose was that the owner-managers expressed the importance of survival and continuation not only to generate an income for themselves and their employees, but for their families and their dependents. From the comments it can be inferred that several of the businesses included in the sample are family owed or employ more than one person from the same household or family. Moreover, there were some owners who commented about the importance of continuation for their children to take over the business or to "leave a successful legacy for family". Another participant commented "as a small business owner, usually the family's entire wealth is invested in the business….the family would lose everything". Along similar lines, another participant explicitly noted that the business needs to provide an income as they have a child who is still dependent on them. It appears that survival and continuation is likely to be more important in family owned businesses, businesses where more than one family member is dependent on the business for an income or a business where the owner-manager is the breadwinner of the family.

4.2.1.6 Security from survival and continuation of the business

Just as employees seek job security, it appears owners seek security from their business. This point is strongly linked to the income generated from the business and the reasons why survival and continuation may be more important to some owner-managers, but it does offer some additional insights. One participant put it plainly by stating "Require long term security to warrant current input (sic)". Input here can refer to the time, effort, financial input, as well as physical and emotional effort. The latter were mentioned by owners in their comments.

As can be seen by the comments, the owner stands to lose any financial investment made into this business. Another participant commented about the devasting effects that business failure has on the "financial situation of the owner/investor/manager". The financial implications may be more or less severe based on the type of business and the debt incurred. If the business incurred debt and it is a sole proprietorship or partnership, the owner's personal assets may be liquidated to cover the debt. For limited companies, this risk is mitigated as the owner and the business are separate legal entities. It may provide the owner with some financial security to separate, legally, from the business.

Being an owner-manager is challenging and therefore it seems logical that the owners would want some form of security in return for their efforts. One of the owner's provided a comment stating that "surviving in a business is not very fulfilling" and that "true fulfilment is when you see your purpose gain momentum and ultimately be self-sufficient and continue delivering value". If the business is self-sufficient, it would offer the owner some security of continuation without their constant involvement.

In the comment above, the owner used the phrase "your purpose" which suggests an emotional attachment. This emotional involvement was also reflected in another participant's comment. If the owner-manager attaches his/her identity to the business, then business failure is likely to have a greater negative emotional impact on the owner. It is also possible, although not mentioned in the comments, that a "fear of failure" would impact on the level of importance of survival and continuation.

A few participants mentioned their retirement in their comments and one participant in particular commented on the lack of social welfare in South Africa as one of the reasons that survival and continuation is important. As it would appear, the owner-managers may place greater importance on survival and continuation of the business to generate enough wealth to retire or to continue to derive an income from their investment into the business after they formally exit employment from the business. One would assume that an owner may plan to sell the business and retire on the income generated from the sale, but this may not always be an appealing option as one participant commented that the South African market does not offer lots of opportunities to sell a business for profit. In much the same way as the owner's perception of employability impacts his/her view of survival and continuation, it appears that the owner's perception of the business's sell-ability will impact the continuation strategy.

4.2.1.7 Other reasons for the importance of survival and continuation

The themes that occurred most often in the comments have been described, but there were a few additional reasons provided by owner-managers for why they believe survival and continuation is important that should be noted.

All the businesses included in the study were 'for profit' organisations, which explains the recurring theme of wealth creation and income generation. Nonetheless, a participant did comment on the value offered by the business in terms of the service it delivers. Another participant noted the importance of the long-term customers. Along a similar line, one owner commented on the importance of continuation to ensure that the business is not seen as a "fly by night" business. In addition to this, several owners commented about the "legacy" of their business. From this is appears, that owner-managers are concerned about the continuation of the reputation and good standing of the business, as well as the negative perceptions associated with businesses that close shortly after starting.

Many of the owners compare their current source of income from owning or selling their business to being formally employed. Interestingly, one participant did not see the alternative to being a small business owner as being unemployed or formally employed. The participant commented "… if it does not become viable after 1-2 years, find a new business". As it would appear, the choice for this owner was not between being an owner or an employee, it was a choice between the type of business. Moreover, this comment alludes to having a low propensity to being risk adverse, which is a characteristic of serial entrepreneurs (Woo et al., 1991). In line with Stokes and Blackburn's (2002) view, this owner-manager was the exception in this sample rather than the norm.

4.2.2 Profit

The definition of profit as presented to the participants is depicted in Table 4.3.

Table 4.3

Definition of profit

2.	**Profit**	The financial benefit that is realised when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity. Any profit that is gained goes to the business's owner/s, who may or may not decide to spend it on the business. Profit is calculated as total revenue less total expenses.

As it would appear, most of the participants agreed with the definition. Since it does not explicitly differentiate between gross profit and net profit, one of the owner-managers pointed out the difference between the two. The definition provided here is for net profit after tax. Although, the participants appeared to agree with the definition, there are important theoretical and practical implications to be considered around the proposed outcomes that are discussed under the importance of profit. The final round of responses to the question about the importance of profit are depicted as frequencies in Table 4.1.

The spread of the results depicted in Table 4.1 may at first seem a bit strange given that all the businesses included in the sample are 'for profit' organisations and therefore one would expect an unanimously high rating of very important and extremely important. For most of the participants this is accurate, as their comments included statements such as "unless you are an NGO (non-profit organisation) it's generally a core goal" and "why would you work just to employ and satisfy customers". Based on the rationale provided by the participants, the indication that profit is somewhat important (5%) and important (15%) is not necessarily due to participants not viewing it as very important, but rather the issue is in the description of the construct.

4.2.2.1 Distinguishing between income and profit

As discussed extensively under survival and continuation, most of the owner-managers strive to make an income or increase their personal wealth. This proposed outcome assumed that the "income" can be equated to profit. However, as it would appear the responses were more in line with Reijonen and Komppula (2007) who pointed out that owner-managers are more concerned with making a living than making a profit. It is evident that the type of business structure will determine how important profit is to the owner-manager.

A recurring theme that was indicated by the participants, is that profit is not tax efficient. The participants commented that to legally avoid paying more tax they draw a salary or invest in expenses for the business. If a business is a sole proprietor then the profit of the business is the owner's income, however, if the business is a separate legal entity (CC or PTY Ltd), then the owner can draw a salary in the form of a director's salary (Baines, 2019). The director's salary will then be subject to income tax, whereas, if the owner took the profits of the business, it would be subject to dividends-withholding tax (Baines, 2019). The director's salary is paid out as an expense incurred by the business and therefore it will lessen the company tax payable by the business. Dividends are paid out after company tax and is subject to additional dividends-withholding tax (Baines, 2019).

Georgellis (2000) was of the opinion that small business owners do not always have complete and accurate financial statements, or that they lack financial sophistication. However, from the responses we can conclude that at least some of the business owners included in the sample were sophisticated enough in structuring their business and their income to make it tax efficient (legally). Furthermore, if the business is registered, the business needs to submit completed and accurate financial statements to the South African Revenue Services. Furthermore, participants commented that profit can be misleading, and one participant suggested using cash in the bank or on hand as an outcome. From the participants' responses, one can conclude that income for the owner-manager and profit for the business should most likely be two separate outcomes. The type of business, as indicated by an owner-manager, will impact the owner-managers view of profit. Thus, if the business is a separate legal entity, profit and income should be different outcomes, but if the business is a sole proprietor or partnership, then owner-manager's income and business profit will be the same.

4.2.2.2 Reasons for the importance of profit

The participants explained that profit is important for several reasons, such as the owner-manager deriving an income, return on investment (ROI) for the shareholder or other investors, reinvesting into the business and to provide a buffer for low business volume periods. One of the participants suggested that a minimum ROI level should be set, and the business should have a profit criterion to achieve.

Several of the participants deemed profit important to reinvest into the business for expansion and growth. There were also comments where participants noted that it is acceptable to forgo a profit for a period of time in the interest in obtaining long term objectives, such as growth or expansion.

4.2.3 Growth

The definition of growth as presented to the participants is depicted in Table 4.4.

Table 4.4

Definition of growth

3.	**Growth**	An increase in business size over a period of time, measured by one or more of the following factors: number of employees, sales and turnover.

Most of the participants agreed with the definition, with the owner-managers offering some additional measures of growth to be considered. In terms of number of employees, one of the owner-managers explicitly mentioned the number of permanent employees, but also the number of casual employees. This may not be relevant to all organisations, but it is applicable to organisations that require unskilled to semi-skilled labour with varying times of business demand.

One important measure of growth that was not included in the definition, but probably should have been, is gross profit (GP) and net profit. Several of the owners indicated that they measure their growth in terms of profit and gross profit. This is because, the sales and turnover of a business can increase, but if the expenses increase with it, the GP will remain the same. The owners also pointed out that the turnover should be taken net of inflation to provide an accurate indication of turnover growth. Furthermore, another valuable point offered by the participants is the increase in business optimisation, through more efficient processes. While this point overlaps with the outcome of production and productivity, it does offer valuable insight into possibly using an increase in technology or expertise in the business, rather than the number of employees. Lastly, an owner-manager suggested an increase in market share as a measure of growth. Although this indication also overlaps with the marketing outcome, it is useful to have an indication of the various measurement indicators that the small business owners use to examine their growth.

To conclude, this study proposes the following, adapted definition for growth:

An increase in business size over a period of time, measured by one or more of the following factors: number of employees, sales and turnover, revenue, gross profit, net profit, market share, technology and expertise.

The final round of responses to the question about the importance of growth are depicted as frequencies in Table 4.1. The results depicted in Table 4.1 are to be expected as it was theorised that growth should be included as an outcome, but it is not necessarily of great importance to all business owners. The owner-managers did provide interesting reasons for not viewing growth as very important.

4.2.3.1 Reasons why growth is not important to an owner-manager

A participant noted that they offer a specialised service and as such, their size is perfect for what they do and growth would not, to his mind, bring in additional profit. Another participant, who values growth explained it well by saying some businesses are “lifestyle businesses” for the owner-manager to maintain the lifestyle that they want. This aligns well with the personal outcomes proposed. The owner-manager in this case, however, noted that he values growth as his interest is in building a scalable, national business and not a lifestyle business. Similarly, a participant commented that while growth is important now, it may not be when he “is older with less energy”.

Lastly, an owner-manager noted that she does not want to grow her business because growth would mean more stringent compliance with labour legislation (BBBEE in this case) and greater human resource management would be required. The owner-manager was transparent in saying managing people is not a strength of hers and as such she does not want to grow her business for that reason.

4.2.3.2 Calculated risk and growth

While some owner-managers explained reasons why they do not necessary want to grow their business, other owner-managers explained considerations for an owner-manager wanting to grow the business. The theme of calculated risk and manageable growth was evident in the comments. The participants noted that with growth comes an increase in risk. An example was that the business will most likely have higher, usually fixed, expenses, without a guarantee of fixed income. Another owner-manager pointed out that growth should happen in stages once each stage has been mastered. This is noteworthy, as it will make the growth more manageable for the owner as well as mitigate some of the risks associated with growth.

4.2.3.3 Reasons why growth is important

It was interesting to note that several of the participants commented that if a business fails to grow, the business will fail. The owners expressed that without growth, the business cannot survive or make a profit. Most of the reasoning behind this was to cover increasing business expenses, with explicit mention of the State controlled expenses (water, electricity, rates and taxes). Another prevailing concern was keeping up with inflation. The owners commented that the business needs to grow to survive in South Africa, which has a moderate to high inflation rate. The view that the business must grow to survive was not necessarily shared by all, as one participant indicated that a business can achieve survival and make a profit without growing in size. On the other hand, another owner noted that the business can survive for quite a few years without growth, but eventually the business will fail if it fails to grow.

While it may be accurate that the business will mostly fail if it fails to increase its revenue with inflation, the view that the business will fail if it does not grow will likely depend on the measure used. For example, a business can continue to improve without increasing in the number of employees. Therefore, it becomes important when growth is used as an outcome, to differentiate between the measures of growth, and recognise that they may not all be vital for the survival of the business and the owner-managers have varying interests in the different measures. It is therefore inappropriate to use the broad measure of "growth" to determine the success of a small business, as has been used often by researchers.

4.2.4 Market performance

The definition of market performance as presented to the participants is depicted in Table 4.5.

Table 4.5

Definition of market performance

4.	**Market Performance**	Market performance is closely linked to the outcome of growth, profitability and survival. Market performance includes a number of different factors such as, increased market share, competitive standing, increased client base and/or contracts with clients, market value of the business, increased distribution, and diversity of products and services. In addition to the aforementioned, the outcome, market performance, can represent the reputation of the business/owner, recognition in the market and customer satisfaction.

The first sentence included in the definition was a reminder to participants that the outcomes are closely linked and may have overlapping characteristics. From the comments it seems that the owners agree with the definition for the most part, but one participant commented that the definition is too wide. Admittedly, the definition is very wide and encompasses numerous factors. Various factors included in the outcome may be of greater or lesser importance to different owner-managers.

One participant left an insightful comment to explain the difference between growth and market performance. He explained "where growth is comparing your past to your present, market performance is comparing that growth metric to the growth metric of your competitors within the same market as you". This is a good reminder, as the previous outcomes have a predominantly inward focus, but market performance requires outward reflection of the business in terms of the market – competitors, suppliers, clients and consumers, and potential clients and consumers.

The final round of responses to the question about the importance of market performance are depicted as relative frequencies (percentages) in Table 4.1. While still appearing important to the owner-managers in the sample, market performance was the first outcome to be indicated by some participant's as not important (10%).

4.2.4.1 Variation in competition

One participant in particular noted that market performance is not relevant to his business, as he does not have competition from any third-party competitor. This provides interesting insight into the theorised heterogeneity of small businesses. Some of the participants also commented that they operate in niche markets or offer very specialised services. The competition in niche markets or specialised services is usually lower and as such it would make sense that market performance in terms of increasing market share or a strong focus on competitor performance would be less important.

One participant commented that competition in their industry is high and therefore they need to constantly innovate. Similarly, one of the agricultural owners noted the importance of monitoring the change in demand. An agricultural business would need to be able to, fairly accurately, estimate the demand for products well in advance due to the nature of the business. Other businesses might have the luxury of being more flexible. This insight is valuable, as a large portion of South Africa's GP is derived from small agricultural businesses. Nonetheless, monitoring changes in the market or attempting to estimate the demand for a product or service is not limited to products.

One of the owner-managers whose business offers a niche service offered insight into the importance of monitoring trends. He noted that legislative changes are likely to impact his business and as such it is very important for them to diversify their service offering in preparation for the changes. Along similar lines, an owner who does not operate in a niche market, but who does offer a service, commented that they need to constantly upskill and train their employees to keep ahead of competition. The importance of constant training was also noted by another participant. It stands to reason that constant upskilling would be of vital importance in industries where the trends are constantly changing and where there is rapid innovation. In these cases, market performance in terms of monitoring demands, innovation in the market and competitors would be of importance to the owner-manager. Constant upskilling may also be important in industries that are not characterised by rapid innovation, but rather the service offering is one of expertise that needs to constantly improve with available information, such as lawyers and accountants.

4.2.4.2 Decisions around market share

Another participant made a strong point by saying that owner-managers need to be aware of their position in the market and set their objectives according to that. His example was that his business is a breakfast business and therefore he would not try to make it a dinner restaurant. Adding to this, another participant provided a useful reminder that while it is valuable to examine what the competition is doing, it is of greater importance to have an inward focus. Therefore, it seems that it is important for owner-managers to be aware of their position in the market and set their internal and external goals to be in line with this, rather than attempting to mimic competitors or other businesses who aim to satisfy different portions of the market. This was echoed by another owner who pointed out the importance of being good in your “chosen market”.

It would appear that several of the participants operate in specific subsections of the market. They indicated that they aim to satisfy smaller geographic locations or select parts of the market. One owner phrased it nicely by saying “I prefer to concentrate on selective markets where a smaller cut of the pie is sufficient to satisfy our financial goals”. In contrast, another participant commented that “you can be a big player in a small market or a small player in a big market., not that important. I would rather be a small player in a big market”. To some owners, it is important to be the best in their particular geographic area (specific examples included East London and southern suburbs of Cape Town).

In stark contrast to what is required in large organisations, it would appear, as theorised, that small business owners are not necessarily concerned with increasing their market share. One of the participants commented that as a small business your market share is negligible and would only be significant if the business increased in size. A very interesting and prominent theme that came from the comments is that the owner-managers appeared more concerned with satisfying their current client or customer base. Several owners noted that it is important to "look after current clients first (sic)" and "keep repeat customers happy". One owner pointed out that this is of particular importance to firms that offer a service.

Finally, the owner-managers, as would be expected, noted that most of their business comes from word of mouth (WOM) and referrals from other clients and customers. With the changes in communication, one owner noted that they have various social media platforms where clients can write reviews about their business. Another owner offered advice and noted that it is important to create the perception of customer satisfaction by under promising and over delivering.

To conclude, market performance metrics differ for different owners and different types of businesses, as well as the competition in the market and the level of innovation or change in the market. It is important for owner-managers to be mindful of their position in the market as well as external factors that could impact their business (changes in demand, legislation and innovation). Lastly, the reputation of the business, customer satisfaction and referrals seem to be of great important to small business owners.

4.2.5 Human resources

The definition of human resources (HR) as presented to the participants is depicted in Table 4.6.

Table 4.6

Definition of human resources

5.	**Human Resources**	This performance dimension encompasses the success of the owner-manager in relation to their human resources, as well as their leadership outcomes. Indicators of human resources include: compliance with the relevant labour legislation, attracting and retaining talented employees, career management, training and development of employees, trust and acceptance of the owner-manager, employee satisfaction, employee commitment and low levels of employee turnover.

The participants appeared to agree with the definition of HR as an outcome or performance dimension. One participant added the importance of consistency in treatment of employees. Consistency is a legislative requirement for fair treatment of employees and, as such, is included in the definition in compliance, as well as industrial relations. Nonetheless, it is important to highlight the point made by the owner, as small businesses often have low levels of formality in the employment relationship, and consequently the room for inconsistent treatment of employees is therefore greater relative to a large organisation with strict policies and procedures.

Another point that was highlighted by a participant is the importance of communication and for the employee's to "share and contribute to the business purpose". According to Budd (2004), one of the three primary objectives of the employment relationship is "voice". Budd (2004) described "voice" as employees being able to have meaningful input into the decisions of the organisation that impact them. While employee participation is technically included in industrial relations, it may be easier for small businesses to include employees in the decision-making process due to the size of the business and the shorter decision-making lines.

4.2.5.1 Importance of human resources

The final round of responses to the question about the importance of HR is depicted as frequencies in Table 4.1. From the responses depicted in Table 4.1, we can conclude that most of the business owners included in the sample agree that HR as a performance dimension is important (95% of the respondents rated HR as important or higher).

There were two varying reasons that surfaced for why HR may be of lesser importance to a particular owner-manager. Firstly, a participant commented that HR would only become important after employing 20 or more employees and that before that, an owner-manager can manage HR intuitively. A participant in the second round explicitly agreed with this comment. One of the owner-managers noted that HR is time consuming and costly, and thus not all of the measurements of HR included in the outcome are of relevance to a small business owner. Furthermore, the owner noted that her type of business offers limited growth opportunities for the employees and as such, they are encouraged to move on to further their development when this need arises for them.

In contrast to the above, several owners expressed that their employees are their "biggest assets", "main resources" and the "personality of the business". One owner expressed the importance of his employees by noting that the business would survive if any of the infrastructure or material was removed, but that it could not survive without his employees. As indicated by a participant, small organisations are not likely to have backup employees for tasks, with one person performing several functions. This places greater pressure to achieve HR outcomes. A recurring theme was participants mentioning that if you look after your employees or if you treat them well, then they will look after the business and treat the business well. Furthermore, several comments alluded to the importance of mutual loyalty, having a common goal and being on the same team. The HR behaviours employed in an attempt to achieve those objectives will be further discussed under the human resource management competency cluster.

It is interesting to note the differences in opinions about the HR measurements. Firstly, several owners pointed out the importance of training and development, yet one participant pointed out that it is costly and requires a great deal of time. In terms of labour turnover, one of the participants noted that his employees (actuaries) are scarce in the labour market and as such he cannot afford to have a high labour turnover. On the other hand, an owner-manager who employs part-time labour willing to work with faeces experiences, understandably, high levels of turnover. One of the participants acknowledged the importance of compliance, while another noted that it is time consuming and requires resources that the owner-manager is not willing to expend. Consequently the owner-manager keeps the number of employees low to avoid the additional burden of labour legislation compliance.

It is important to note that only owner-managers who employ more than two employees were included in the sample. Consequently, the results of this outcome may be very different if, as one participant put it, “one man shows” were included in the Delphi.

4.2.6 Production and productivity

The definition of production and productivity as presented to the participants is depicted in Table 4.7.

Table 4.7

Definition of production and productivity

6.	**Production & Productivity**	This means being able to produce the right amount of products, with the right level of quality in a manner that is cost effective for the organisation. This performance dimension includes the following indicators: meeting quantitative and qualitative production goals, appropriate cost saving suppliers and supply chains, technological capabilities and overall levels of efficiency. Other indicators could include levels of wastage, production procedures and customer satisfaction with products and delivery.

The participants appeared to agree with the definition of production and productivity. A noteworthy point made by one of the owner-managers is that most owners forget to set goals against which to measure their performance of production and productivity. The owner further explained that the production and productivity goals should be measurable and accurate. Other owners expressed agreement with this comment. Setting goals that are accurate and measurable is a competency and not an outcome, but more than that, it should be applied to all of the performance outcomes if the performance of the owner and/or the business is to be measured.

The definition of production and productivity includes indicators that are probably more applicable to the production of products rather than firms that offer services. Accordingly, one owner pointed out the importance of time management of employees and the development of systems to streamline processes, and how this is of greater importance in consulting and service-based firms. While time management is technically a competency, it could be viewed as a measure if the owner sets specific time management or efficiency goals.

4.2.6.1 Importance of production and productivity

The final round of responses to the question about the importance of production and productivity are depicted as frequencies in Table 4.1. From the responses depicted in Table 4.6, we can conclude that most of the business owners included in the sample agree that production and productivity is an important performance dimension for a small business (100% of the participants rated it as important or higher).

The participants specifically noted the importance of meeting deadlines and being able to provide their clients with the work or feedback timeously. A reoccurring theme amongst the comments was the importance of quality. Most of the owner-managers included in the sample value quality over efficiency. In addition, a participant noted the importance of consistently providing the same level of quality to consumers. One of the owner-managers stated the importance of quality succinctly by saying “poor quality is a great way to go out of business in the long term”.

In addition to the importance of quality, one owner offered a reminder to not allow the goal of productivity to lead to treating employees like robots. It emerged that the performance dimension of production and productivity is important to owner-managers, with several of the participants noting that it directly impacts on the other outcomes.

4.2.7 Community and environmental contributions

The definition of community and environmental contributions as presented to the participants is depicted in Table 4.8.

Table 4.8

Definition of community and environmental contributions

7.	**Community & Environmental Contributions**	This criterion includes contributions to the local community and society. In addition, it includes sustainable production and/or delivery methods, and environmentally and socially conscious decisions.

The participants were in agreement with the definition of community and environment contribution. One of them added that the best contribution of an employer is to his/her team and their families.

The final round of responses to the question about the importance of community and environmental contributions are depicted as frequencies in Table 4.1. From these, we can conclude that the owner-managers have mixed views about the importance of community and environmental contributions, but the majority still viewed it as an important performance dimension (75% of the respondents rated it as important or higher). Many of the comments to this question include various behaviours that the owner-managers display in pursuit of this performance dimension; these behaviours will be discussed under the applicable competency cluster.

Some of the owners pointed out that it is more important for the owner-manager to first become established in the market and then to give back. Several echoed this comment and viewed the contributions as a luxury that can be done once the business is past survival mode. Nonetheless, the comments varied as owners reflected on both the impact of their business on the environment and then what they do for the community or the environment as an additional measure.

There were mixed responses in terms of whether or not performance on this outcome has a positive impact on sales or reputation. One of the owners specifically pointed out that these acts should not be done in an attempt to increase sales. Similarly, another participant comments that he is sceptical of whether this “buys loyalty”. He provided an example of how consumers continue to support very well-known businesses even after it has come to light that the business has participated in unethical or illegal business practices. On the other hand, an owner pointed out that donations to certain charities can positively impact the company’s BBBEE score and that being socially and environmentally conscious can be used as a marketing tool. Lastly, a participant commented that this performance dimension is a “nice to have” and not a necessity.

4.2.8 Personal outcomes

The definition of personal outcomes as presented to the participants is depicted in Table 4.9.

Table 4.9

Definition of personal outcomes

8.	**Personal Outcomes**	The extent to which the owner-manager is achieving their personal objectives or achieving the things that are important to them. This could include things such as work-life balance, flexibility, autonomy, power, job security, challenging work and being able to apply their creativity to problem-solve.

The participants appeared to agree with the definition of personal outcomes. One of the participants added that the personal outcomes can be aligned with those of the business to be beneficial to both the owner and the business. Although it was not repeated here, the comments on other performance dimensions indicate that the owner-managers do consider their personal objectives in the decisions they make for the business.

The final round of responses to the question about the importance of personal outcomes are depicted as frequencies in Table 4.1. From these, we can conclude that most of the owner-managers view personal outcomes as important (95% of the respondents rated it as important or higher). The responses varied with some comments reflecting a negative view of personal outcomes with statements such as "see work as work", "my challenge is to put food on the table and save for retirement" and "personal outcomes should not affect professional ability to make important decisions". Nonetheless, several of the owners indicated that although their work/life balance is skewed (towards work), they see the importance of it and the importance of working towards it.

One of the owners noted that if the owner-manager is working towards achieving personal goals, this could have a positive influence on the employees to also work towards their personal goals. Similarly, but from another perspective, one owner noted that if the owner is negative, this will have a negative impact on the staff.

The various personal outcomes that were highlighted in addition to work/life balance, was independence, financial freedom, general freedom, seeking challenges, creativity, problem solving and challenges, and having security. Another important point that was made by one owner and echoed or supported by others is that the owner-manager needs to stay motivated. According to the comments, if the owner is not motivated, he/she will not persist to obtain medium to long term success. In addition, the owners pointed out the importance of setting personal goals to be obtained. The purpose of this would be to maintain focus. Lastly, an owner noted that owners start the business for various reasons and if the owner is not obtaining the things he/she wanted from starting a business it is unlikely that the owner will continue. These comments highlight the importance of personal outcomes for owner-manager in achieving some of the other performance dimensions.

4.2.9 Comparison of the outcomes

This section provides an overview of the rating responses of the participants in the final round. The rating responses are analysed by making use of the mean squared to represent importance, the standard deviation (SD) to represent consensus or agreement and a ratio of the mean squared divided by the SD. The ratio will provide an indication of the how important the outcome is and strong the agreement is among the participants. As mentioned in Chapter 3, these responses can only be used to compare the outcomes in this study and cannot be used for across study comparisons. The conclusions stated here are descriptive and are not meant to be generalised.

Figure 4.1. provides a graphical representation of the mean squared for the ratings of the eight outcomes.

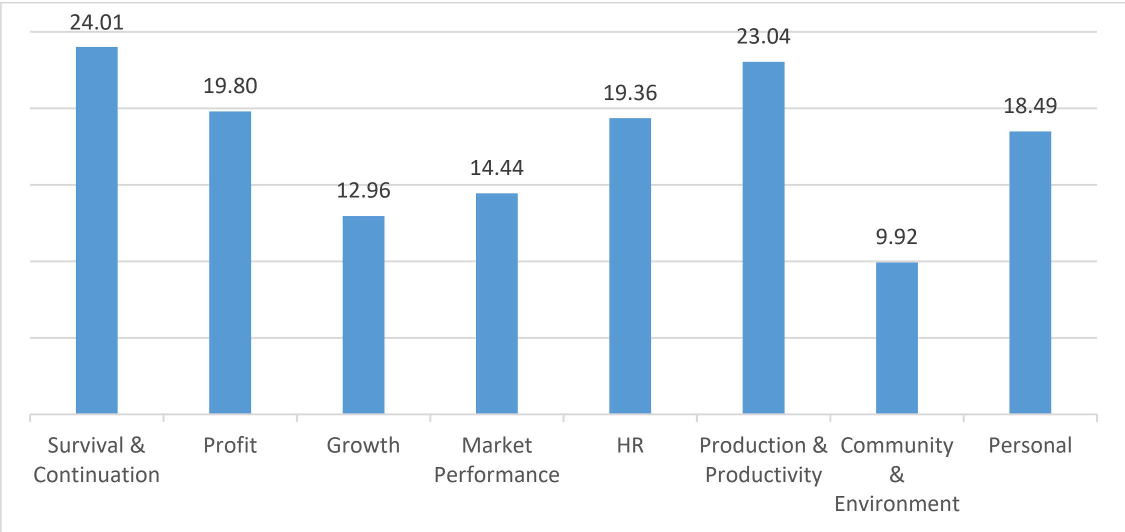


Figure 4.1. Graphical representation of the importance of the outcomes (mean squared)

As is to be expected, survival and continuation was rated the most important by the owners. Less expected, production and productivity was rated second most important by the owners. The outcome of production and productivity is not commonly found in literature on small business owners and it is seldom used as a measure of performance by researchers. Therefore, it is interesting that it was found to be more important than profit.

Profit, HR and personal outcomes appear to be relatively close in terms of their importance to the owners. The outcome of growth was second to last in terms of importance. This is in line with the theory, because business growth often brings about more risks, greater complexity, a higher need to delegate and less control by the owner. As theorised, this is not appealing to all small business owners. The outcome of community and environmental contributions was rated as the least important by the owner-managers. This may not be unique to small business owners, as all of the businesses included in study were “for profit” organisations, and as such this is not likely to be a primary objective.

A graphical representation of the standard deviation of the ratings for the eight outcomes is represented in Figure 4.2. Unlike the mean, where a higher score indicates that the outcome was rated as more important, a low standard deviation score indicates a higher agreement among the participants, as the standard deviation provides an indication of the spread of the responses.

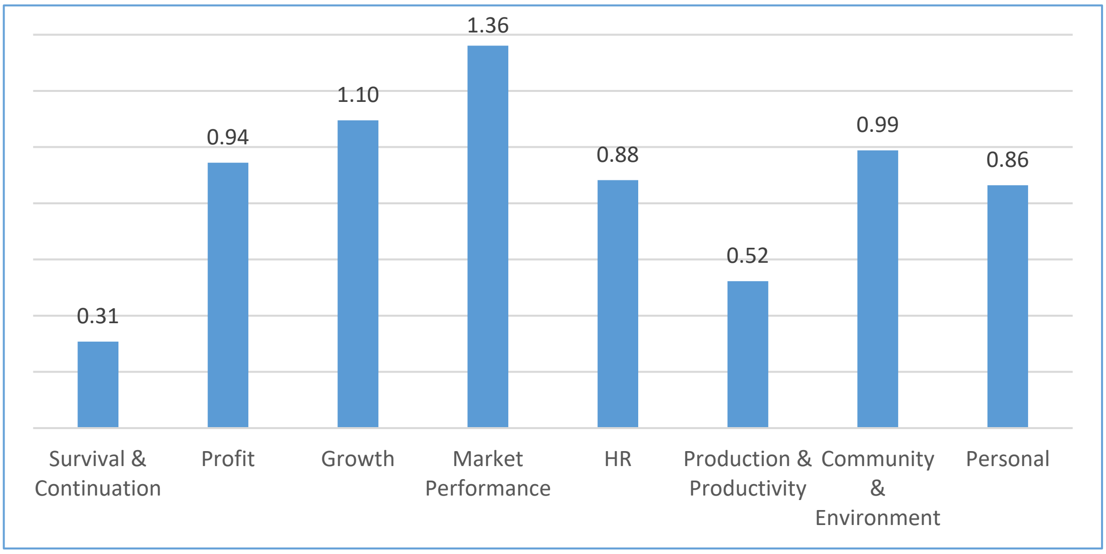


Figure 4.2. Graphical representation of agreement of participants on the importance of the outcomes (standard deviation)

Based on the responses depicted in Figure 4.2, the participants showed the strongest agreement for survival and continuation. This is to be expected as it is applicable to any type of business and across industries. The variation in the responses for survival and continuation could be attributed to the different views of continuation as discussed earlier. Production and productivity showed the second smallest spread, indicating relatively strong agreement on this outcome. Although the description of production and productivity is more measurable for product-based businesses, the service-based owners seemed to agree on the importance of productivity in terms of meeting deadlines, shorter turnaround times to give clients feedback, and that in consulting, the business "sells time" and therefore efficiency is important.

Interestingly, the largest variation in the responses is for market performance. Admittedly, the market performance outcome does include a wide range of market related outcomes and as such the description of the outcome could be a contributing factor. On the other hand, the owner-managers did indicate in the comments that this was more or less important based on company specific or industry specific factors. The variations in competition and the different approach to market share that arose from the owners' comments have been discussed. These differences most likely contributed to the variance in this outcome.

As expected, the variance for growth is relatively high. This may be, as previously explained, due to the unique goal of small business owners to limit the growth of their organisation. Alternatively, growth is also measured on several factors and the different metrics of growth should not be disregarded in the explanation of variance in the responses. For example, one owner explicitly noted that the compliance with the labour legislation and the difficulties managing people have deterred her from growing her business. However, she may want to grow in clients and profit, without increasing her workforce. Researchers should be mindful, not only of the differing view of growth, but also of the different metrics for growth as performance measures for small businesses.

The ratios of mean squared to standard deviation of the rating responses for the eight outcomes are provided in Figure 4.3.

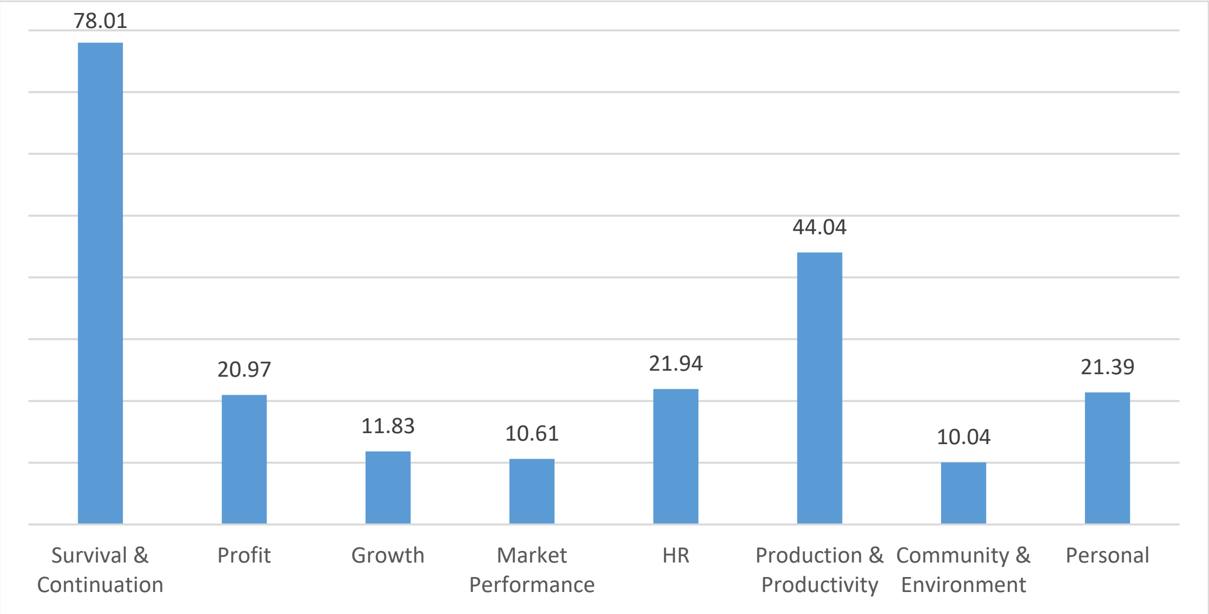


Figure 4.3. Graphical representation of the importance and agreement of participants on the outcomes

From Figure 4.3. it is evident that survival and continuation was the strongest outcome as rated by the owner-managers. Production and productivity was second. Although the objective of the study was not to measure the outcomes relative to each other, the graphical representation does offer insight into how the owner-managers view the different outcomes and the factors they considered in their responses.

4.2.10 Additional outcomes added by the participants

The participants were asked to list any additional outcomes that were not mentioned in the questionnaire, and in subsequent rounds they could comment on the suggested outcomes. Four additional outcomes were suggested: expense control, strategy, customer satisfaction and wealth creation to retire abroad.

In the comments on expenses control, the owner-managers pointed out that expense control does not have to be a separate outcome, as it is implicit in the outcome of profit, since profit is income minus expenses. Several participants commented that the business needs to have a strategy for expense control and in this, expense control is a competency and not an outcome.

While many of the participants agreed that having a strategy is important, one participant pointed out that strategy is a tool to achieve an outcome and therefore a competency. Furthermore, strategy does form part of one of the competency clusters proposed to the owner-managers.

The last suggested outcome of wealth creation to retire abroad received mixed responses, such as the owner-managers opinion about leaving the country. Furthermore, a participant pointed out that she does not seek wealth creation but would rather live comfortably. Although the outcome received mixed results, the participants appeared to agree that some form of plan for retirement or exit plan is necessary.

The participants offered insightful comments and proposals, but the list of proposed outcomes was not altered to include any additional separate outcomes.

4.3 Analysis and Interpretation of the Competencies

This section covers the analysis and interpretation of the competencies. The outcomes were only measured in terms of the importance of the outcome, while the competencies were rated by the owner-managers on importance, frequency and level of competence required. The definition of each competency will be discussed followed by a discussion of the owner-managers' rating of the importance. Table 4.10 provides an overview of the 12 competencies using the responses to the questions about importance for the last round of the Delphi.

Table 4.10

Overview of the competencies (importance)

Competency	Frequency of Responses					Comparison		
	Not Important	Somewhat Important	Important	Very Important	Extremely Important	Mean	SD	Mean^2/SD
Managerial Competencies	0	0	15%	30%	55%	4.40	0.75	25.68
Strategic Management & Planning	0	0	5%	40%	55%	4.50	0.61	33.36
Time Management	0	0	10%	60%	30%	4.20	0.62	28.66
Financial Management	0	0	10%	25%	65%	4.55	0.69	30.16
Networking & Relationship Building	0	0	30%	20%	50%	4.20	0.89	19.72
Human Resource Management	5%	5%	15%	35%	40%	4.00	1.12	14.24
Marketing Management	0	0	40%	25%	35%	3.95	0.89	17.59
Entrepreneurial Behaviours	0	0	20%	25%	55%	4.35	0.81	23.28
Technology Related Competencies	5%	5%	20%	30%	25%	3.70	1.08	12.66
Socially Responsible Behaviours & Ethics	0	10%	5%	35%	50%	4.25	0.97	18.69
Learning Orientation & Knowledge Sharing	0	5%	20%	30%	45%	4.15	0.93	18.45

Personal Competencies	0	0	5%	35%	60%	4.55	0.60	34.23

The frequency of the ratings is presented as percentages in the tables. This provides an indication of absolute importance. To examine relative importance, the competencies are compared using the mean. The mean was calculated on the 5-point Likert-type scale, with the anchors presented in the respective tables under the frequency. The standard deviation provides an indication of the relative level of consensus and the ratio provides an indication of the relative level of importance and consensus.

4.3.1 Managerial competencies

The definition of managerial competencies as presented to the participants is depicted in Table 4.11.

Table 4.11

Definition of managerial competencies

1.	**Managerial Competencies**	Displaying traditional managerial behaviours associated with leading, controlling, organising and planning. This includes obtaining the necessary resources, deploying the resources effectively and, organising and managing the processes of the business. This competency cluster also includes the behaviours that an owner-manager displays during the establishment of the business. This may include developing a clear business concept that is communicated and presented in a logical manner, registering the business and developing a sound business plan. *Only general managerial behaviours are included in this competency cluster. Financial, marketing, human resources and entrepreneurial behaviours are covered in subsequent clusters.

The participants appeared to agree with the definition of managerial competencies. Two of the participants did allude to managing and leading being separate competencies, and that both are required.

The final round of responses to the question about the importance of managerial competencies are depicted as relative frequencies in Table 4.10. It is evident that the majority of respondents agree that managerial competencies is important (100% of the respondents rated managerial competencies as important or higher). A recurring theme through the comments on managerial competencies was the importance of leading by example. Another noteworthy comment from an owner was the importance of the owner having working knowledge of all the processes in the firm to be able to manage, but also to pick up on problems and issues, and propose viable solutions.

The respondents' responses to the question of how frequently they display managerial competencies are depicted in Appendix L. It is interesting to note that the responses to this question did vary somewhat between the rounds. The frequency rating for multiple times a day decreased from $f_i = 39\%$ to $f_i = 20\%$ between round one and round three, while the frequency rating for all the time increased from $f_i = 30\%$ to $f_i = 50\%$. This means that the owner-managers adapted their responses according to the comments provided. One comment that seemed to resonate with other participants, as they explicitly indicated that it changed their response or indicated agreement, was that two owners in the first round pointed out that technically each interaction with an employee means the owner is displaying managerial competencies.

Several participants explained that they perform daily quality control checks. Other managers noted that they have weekly meetings which reduces the time spent managing. Along similar lines, one owner pointed out that if the owner "decentralises" the team, the frequency of displaying managerial competencies will reduce to weekly. Other participants also noted the importance of delegating and empowering the workforce to manage themselves.

Responses to the question of what level of managerial competencies is needed are depicted in Appendix M. The results on the level varied, but the majority of the participants indicated that a level of 4 or higher is required (85% of the respondents indicated a level 4 or higher). One of the participants commented that an owner-manager can make up for their shortcomings in this area with their passion for the business and enthusiasm. On the other hand, several participants indicated that owners should be aware of their shortcomings in this area and either embark on training to improve this competency or employ someone with managerial competencies. While a few participants indicated that a manager can be appointed to fill this gap, one of the owners noted that even with a manager in the organisation, the business will be improved with the owner-manager having some level of skill in this competency cluster.

Previous research on small business owners has found that one of the highest contributors to failure of small business in South Africa, is the lack of managerial skills (Olawale & Garwe, 2010). Therefore, it is interesting to note that most of the owner-managers believe that managerial competencies are important, and are displayed at least several times a day, with a relatively high level of competence.

4.3.2 Strategic management and planning

The definition of strategic management and planning as presented to the participants is depicted in Table 4.12.

Table 4.12

Definition of strategic management and planning

2.	**Strategic Management & Planning**	This competency cluster comprises of two closely related, but separate competencies: Strategic Management and Planning. Strategic Management includes creating a shared vision and mission for the organisation. The strategic vision encompasses the direction, goals and objectives of the organisation. A strategic vision should be clear enough to be used as a frame of reference for decision making. Furthermore, strategic management involves not only the creation of a strategic vision, but also the implementation and evaluation of the strategic vision and plans. Planning includes strategic planning, such as developing the overall business plan and long-term plans for the organisation, as well as operational planning to integrate the various organisational functions to achieve the desired goals. A crucial part of planning is feedback. Seeking feedback, obtaining feedback and using feedback to set appropriate, measurable and relevant goals forms part of planning.

The participants appeared to agree with the definitions of both strategic management and planning.

The final round of responses to the question about the importance of strategic management and planning are depicted as relative frequencies in Table 4.10. It is evident by the responses recorded in Table 4.10 that the majority agree that strategic management and planning is important (100% of the participants rated this as important or higher). It is interesting that the frequency of the rating for extremely important increased from $f_i = 39\%$ to $f_i = 55\%$ from the first to the final round. In the first round $f_i = 4\%$ of the participants viewed strategic management and planning as somewhat important, compared to the final round where all of the responses rated strategic management and planning important or higher.

As can be expected, one of the owners pointed out that this competency is more important in the formative stages of the business and as the business grows and becomes more established, this may become less important. Several of the owners noted the importance of getting feedback, even if their strategies and plans were not necessarily formal. Moreover, the owners cited the following reasons for why they deem strategic management and plans as important: to have goals and objectives, to know where you are and measure your performance, to identify risks and opportunities, to have plans to mitigate the risks, and to have guidelines and know where you are going. One of the participants expressed the importance of strategic management in a thought-provoking way by saying "it is far better to have a poor strategy well implemented rather than a great strategy that is poorly executed." Lastly, owners also expressed the importance of communicating the strategies and plans to their team and ensuring "that everyone is one the same page".

The owner-managers' responses to the question of how frequently they display strategic management and planning are depicted in Appendix L. The responses on this question were mixed, but this may be due to the grouping of strategic management and planning into one competency cluster. From the comments, the owners who noted that it should be done frequently were referring to obtaining feedback, daily checks of whether the plan is on track and managing unforeseen circumstances. One of the owners reiterated that the strategic decisions should not be taken daily and that those daily decisions are referred to as tactical decisions. One owner argued that small business owners need to look for opportunities daily and adapt according. In addition, an owner-manager noted that they are busy dealing with the daily operations and therefore don't have much time to focus on goal setting or measuring their performance.

The final round the results were mixed. While the responses to this question do not offer much in terms of agreement, it is evident that the owner-managers view their businesses as flexible and adaptable, due to being able to change direction frequently and respond to challenges and opportunities quickly. Furthermore, these results may support the view that small business owners are more reactive than proactive as indicated by Dodge and Robbins (1992) and Covin and Slevin (1997).

The respondents' responses to the question of what level of strategic management and planning is needed are depicted in Appendix M. It would appear that the majority of the respondents think that a reasonably high level of competency is required for strategic management and planning (80% of the respondents indicated that a level 4 or higher is required). One of the participants noted that several of the other competencies, and daily operations of the organisation can be handed over to other employees or outsourced, but that the development of the strategy must be done by the owner. Unlike managerial competencies, the owners did not indicate that this competency cluster can be outsourced or that owners could compensate for a lack of competency by relying on an employee. One owner did, however, note that the strategy part can be learnt, but that the implementation thereof is much more challenging. Furthermore, another owner pointed out that this is where many fall short by using the incorrect information, misunderstanding the data or using the incorrect data to make decisions.

In line with the literature on small business owners, one of the participants noted that a lack of formality in the strategy, which is often the case in a small business, can put the continuation of the business at risk. He then advocated for more formal, high level plans and to have documented details of the plans. Another owner noted that if owners set the incorrect strategy then it could be detrimental for the business. From this we can conclude that some of the owners in this study were cognisant of the high risk and accordingly assigned a high level of competency. The respondent that indicated that only a basic understanding is required, noted that this is because it is not done all the time. Similarly, the respondent who assigned a level two competency argued that as an owner, planning and decision making should come naturally.

4.3.3 Time management

The definition of time management as presented to the participants is depicted in Table 4.13.

Table 4.13

Definition of time management

3.	**Time Management**	Managing one's time to establish the strategic vision and strategic plans, while also implementing the plans and organising the day to day operations of the business. A balance between the 'traditional' day-to-day obligations of the business, while also focusing on planning and strategic thinking. Added: Time management includes identifying and prioritizing tasks/goals, planning tasks and monitoring progress.

The participants agreed with the definition but added comments that it should include prioritising tasks and executing the most important tasks first. This comment was aligned with the literature. Accordingly, the definition was adapted to include the important element of prioritising tasks, planning and monitoring progress.

The final round of responses to the question about the importance of time management are depicted as relative frequencies in Table 4.10. It is evident from the responses that the majority of respondents agree that time management is important (100% of respondents indicated that this is important or higher). There were several comments about time being money. In addition, some of the consulting owners noted that the business sells time and as such time management, and the closely related outcome of productivity, are vitally important. It also appears as though different types of business needs to meet varying deadlines. The owners who have specific client deadlines or contractual obligations appear to be of the opinion that time management is more important. An interesting comment by an owner was that all employees have two main tasks every day - firstly, their admin tasks, such as responding to emails and, secondly, the tasks that actually generate an income. Both these daily tasks will fall into the operational tasks of the owner-manager and then they will also need to focus on the strategic tasks.

There have been several references to small business owners being more reactive then proactive. In the responses to this question, some owners provided indications of reactivity. One owner stated that strategic tasks can take a back seat when there are operational tasks to be performed. Similarly, another owner noted that time management is a goal until one is on the battle ground (daily chaos of the business) and then it is more important for the owner-manager to be flexible and adaptive. Other owners responded that if strategic tasks are neglected for daily operational tasks then the business may become irrelevant and there may be missed opportunities. Lastly, several owners also referred to the importance of time management to obtain work/life balance. According to one owner, if the business is successful then the owner can start to put in less hours per month.

The respondents' responses to the question of how frequently they display time management are depicted in Appendix L. From the responses we can conclude that all the owners in the sample agree that time management should be done at least once a day, if not more. One owner stated that time management can be done less by delegating tasks, but that even with an empowered work force, there should be daily planning. According to another owner, the more frequently an owner displays time management, the more control the owner will have over the business, the situation and the owner's achievements. This was echoed in the discussion of the level as one participant indicated that if her time management improves, she will be less stressed.

The respondents' responses to the question of what level of time management is needed are depicted in Appendix M. It would appear many of the owners agreed that a small business owner should be good at time management, but they also commented that most people are generally poor at this. One of the owners stated that people are easily distracted by their phones, the internet and conversations that do not include them. Similarly, other owners noted that they are not as good as they would like to be. Unlike some of the other competencies, the owners did not indicate that this competency can be learnt or that owners should embark on some form of development. One owner noted that if the owner is not good at time management, he/she should have support staff that are good at it.

In their comments, some of the owners offered suggestions for improvement, such as focusing on dates instead of time and prioritising. The owners further suggested helpful theories or literature, such as “Deep work” by Cal Newport, “The 80/20 Principle” by Richard Koch and “The Pomodoro Technique” by Francesco Cirillo.

4.3.4 Financial management

The definition of time management as presented to the participants is depicted in Table 4.14.

Table 4.14

Definition of financial management

4.	**Financial Management Competencies**	Developing accurate and detailed budgets, employing the appropriate mixture of debt and equity, searching for cheaper sources of financing, applying financial bootstrapping* where possible and, managing and monitoring the cash flow on a regular basis. *Financial bootstrapping is the use of techniques and methods to obtain finance without being dependant on debt finance or new owners to provide equity. It could include delaying specific payments to use cash receivable, using private funds and assets in the organisation, not taking an income from the organisation for a period of time, minimising expenses by using second hand equipment, sharing or borrowing equipment or other assets, and making use of government aid.

The explanation of financial bootstrapping was included to assist the owner-managers as it was assumed that they may not be familiar with the term. It does not form part of the definition of financial management competencies. The owners indicated their agreement with the definition.

The final round of responses to the question about the importance of financial management competencies are depicted as relative frequencies in Table 4.10. From the responses, is clear that most of the respondents believe that financial management competencies are important (100% of the respondents indicated that this is important or higher). This is further indicated as the responses for this competency cluster showed little variance across the rounds.

A recurring theme was the vital importance of managing the cash flow of the business. The owners stressed the importance of having enough cash on hand to cover regular payments to suppliers and employees. One owner stated that a profitable business can go bankrupt, whereas a cash rich business will not. The owner here is referring to showing a profit on the financial statements, but not having actual cash (liquidity) to cover expenses. In response to more than one competency and more than one owner, the following quote was provided: “turnover is vanity, profit is sanity and cash flow is reality”. Another owner explained the importance of cash flow by stating that owners who have not managed their cash flow and wait for payments to come in will, in desperation, take on “zero profit” jobs to quickly get cash to cover expenses. Moreover, the owner noted that the owner will spend a great deal of time cashing payments, rather than doing quality work.

Several owners stressed the importance of this competency by noting that, without it, the business will fail. Some of the examples by the owners of how this could happen are, as in the above scenario, the owner continuously takes on “zero profit” jobs and spends more time cashing payments, or if stock is wasted due to over ordering, or jobs are lost due to not being able to buy the necessary material. In line with theorisation that a major challenge for small business owners is the high interest rates of debt financing, one of the owners cautioned that owners may turn to credit facilities to obtain cash due to poor case management. By obtaining cash from credit facilities, the owner is incurring greater costs in the long term.

Lastly, one of the owners noted that financial bootstrapping and budgeting, albeit an informal budget that is not written down, was the saving grace of their business that sustained it from inception, to post-apartheid, through the economic crises of 2008 and continuing today.

The respondents’ responses to the question of how frequently they display financial management are depicted in Appendix L. The owners’ comment revealed that cash flow needs to be monitored daily and that the owner-manager should know the financial situation of the business. From the comments, it appears as though the frequency will depend on the frequency of payments coming into and leaving the business, as well as the frequency of decision making that involved payments. Monitoring the cash flow also appears to be done more frequently by business owners that need to purchase stock or material, that need to make decisions about pricing and that need to negotiate costs with suppliers. One owner noted that if the owner monitors the financial situation frequently, he/she will be able to identify issues quickly and discuss these with an expert to attempt to resolve them efficiently. The use of an expert was more prevalent in this competency cluster.

The respondents’ responses to the question of what level of financial management is needed are depicted in Appendix M. Based on the comments from the respondents, it appeared as though this competency cluster should be outsourced to an expert. Several of the comments indicated the use of a bookkeeper and an accountant. Other owners noted that the owner should employ someone, possibly part-time to offer expertise on this competency. In addition to outsourcing this function, the owners also indicated that the owner-manager needs to have some understanding of financial competencies to have an overview of the finances and to make daily financial decisions. One owner stated it bluntly by saying that there is no excuse for relying on an accountant, as the owner needs to understand the financial situation of their business. Another owner likewise commented that “you do not need to be a rocket scientist” to monitor the cash flow of the business. It was interesting that one owner specifically pointed out that if the owner is not competent in financial management, he/she should find someone that he/she trusts to do it.

The use of external accountants by small business owners to compensate for their lack of financial competence is well supported in small business literature (Kamyabi & Devi, 2012; Kunaka & Moors, 2019). Kamyabi and Devi (2011) found that the use of external advisory services such as accountants has a positive effort on SME performance. Similarly, Vermaak and Wolmarans (2015) found that the advice from accountants improved the performance of small businesses in developing countries. They postulated that the reason for this is that small business owners in developing countries are usually less financially literate related to developed countries.

It would appear that the findings of this study are in line with the literature on the use of external accountings. In addition, it is interesting to note the owner’s comment about finding someone that the business owner trusts. This is important, as it has been theorised that owner-managers distrust external sources and therefore are less likely to obtain assistance with this competency if they do not trust the expert.

4.3.5 Networking and building relationships

The definition of networking and building relationships as presented to the participants is depicted in Table 4.15.

Table 4.15

Definition of networking and building relationships

5.	**Networking & Building Relationships**	Developing and maintaining personal relationships with external parties. Networking in the small business owner context includes taking full advantage of the close proximity to stakeholders of the business, such as consumers, suppliers and the community in which the business operates. The development of both informal and formal relationships and contracts with external individuals and companies. This may include joint ventures and strategic alliances that may be beneficial for the organisation. Building relationships also encompasses negotiating, listening to others, obtaining information and effective communication in the manner in which the owner discusses the business with others.

The participants appeared to agree with the definition, although one owner commented that the second paragraph could be removed. This paragraph includes more specific behaviours to fully explain the competency cluster and as such was not removed, however, if a shorter definition or explanation is required, the second paragraph could be removed.

The final round of responses to the question about the importance of networking and relationship building are depicted as relative frequencies in Table 4.10. From the responses, it is clear that all of the participants believe that networking and relationship building is to some extent important. One of the participants initially responded that it was only somewhat important and provided his reason as wanting to remain an "island of excellence" and not wanting to "water down" his competencies by embarking on joint ventures. He did, however, note that networking with clients can be valuable, but that they will buy the product if it is the best and not because they like the person. In stark contrast another owner, in the same round, commented that "no one is an island" and that "people buy from people". The aforementioned owner changed his response from somewhat important to important based on the feedback from the other participants.

One owner noted that WOM has been their only form of advertising in the year and that in a smaller town, networking is crucial. Furthermore, another participant noted that their business has grown as a result of implementing a referral programme (discount or free treatments in return for referring other clients). Another participant noted that if a problem occurs, it is easier to resolve if the owner-manager has a good relationship with the individuals involved. There were several comments about the importance of networking and relationship building with various stakeholders to obtain the objective of growth.

The respondents' responses to the question of how frequently they display networking and relationship building are depicted in Appendix L. The responses appear to be quite spread out. This is substantiated by the comments. Some owners indicated that they only network when there is a problem or an opportunity, or when they want to increase their client base. Similarly, one owner noted that it should only be done when there is an opportunity so as to not be a nuisance. On the other hand, some owners pointed out that every interaction is networking and that they frequently attend networking events. Several of the owners pointed out the importance of obtaining regular feedback from stakeholders.

The respondents' responses to the question of what level of financial management is needed are depicted in Appendix M. With the other competencies, the owners comments included strong terms to describe the level required, such as indicating that the business would fail to succeed if the owner did not possess the described competency. However, the responses for this competency clearly indicated that a higher level of networking and relationship building competence would be "helpful", "beneficial", "favourable for the business" and assist the owner to obtain their goals more easily. The wording used indicated that a higher level is desirable, but not necessary to the attainment of performance outcomes.

Furthermore, there were comments that indicated that it would not be necessary to obtain formal training on this competence. Another owner commented that it would be nice to be an expert, but that it was not her "personality". It may also be that owner-managers do not think that networking skills can be developed and that their ability to build relationships is limited to their perception of their personality. It is interesting to note, that the owners clearly deemed this competency important, yet, they do not seem to prioritise development in this area.

4.3.6 Human resource management competencies

The definition of HRM competencies as presented to the participants is depicted in Table 4.16.

Table 4.16

Definition of human resource management competencies

6.	**Human Resource Management Competencies**	Applying traditional Human Resource Management (HRM) procedures and policies in a manner that is appropriate for the small business. HRM includes recruitment and selection, delegation, remuneration, industrial/employee relations, disciplinary procedures and other practices aimed at improving the workforce of the organisation. The policies and procedures are likely to be less formal and less extensive, but the owner acknowledges the importance of HRM practices and actively takes an interest in the development of a workforce that is skilled, motivated, satisfied and committed to the organisation. The policies and procedures, along with the vision of the company is clearly communicated and understood by the employees. There is active effort to acquire, develop and retain talented and motivated employees.

The participants agreed with the definition. There were two comments about including skill development for the owner and the employees. The definition does include the "development of a workforce that is skilled". Another participant commented that regulation and people should be split and not included under the same competency. The reason provided was that regulation must be done as quickly as possible and usually does not add any value, whereas people can add value. The owner also noted that owners cannot empower employees, but rather they can create an empowering environment and provide employees with the tools to empower themselves. This comment was noted and based on several other comments the compliance with legislation and regulation was developed as a separate competency cluster for the owners to comment on in the third round.

The final round of responses to the question about the importance of human resource management competencies are depicted as relative frequencies in Table 4.10. It is interesting to note that the results show that the owners rate the HR outcome high on importance compared to the HRM competencies. As an example, the frequency rating for extremely important for the HR outcome is $f_i = 60\%$ compared to $f_i = 40\%$ for the HRM competency.

It is noteworthy that there were three comments by different owners that explicitly point out the importance of HR due to some factor present in South Africa. Firstly, an owner pointed out the she struggles to find educated and skilled staff, with most of the staff having prematurely left high school. Another owner commented that employees in South Africa have a "expectation mentality" where they expect, but they are not necessarily willing to put in the work. This comment was explicitly supported by another participant in the subsequent round. Lastly, an owner pointed out that South Africa's history of colonialization, apartheid and discrimination makes HRM critical. Due to South Africa's history, the labour legislation and human rights legislation is quite progressive for a developing country.

In line with Mazzarol (2003), two owners noted that HRM becomes more important with the growth of the organisation. One of the owners pointed out that he recognises that HRM may be of importance to different types of business, but his labour requirement is limited to casual employees who can drive and are willing to work with waste, and therefore HRM is not an important competency for his business.

The respondents' responses to the question of how frequently they display HRM competencies are depicted in Appendix L. The responses varied among the owners. Some indicated that they only display HRM competencies when necessary, whereas other indicated that they do it daily. Those that indicated that they do it daily, gave different examples of the daily requirements, ranging from daily staff issues, monitoring, interpersonal interactions with the employees and daily strategizing meetings. A few owners noted that compliance should be done as quickly as possible and as necessary.

The respondents' responses to the question of what level of HRM competencies is needed are depicted in Appendix M. One of the owner-managers who indicated that only a basic understanding is also the owner who employs casual staff and therefore HRM competencies, according to him, are not that important for his business. The other owner who indicated that only a basic understanding is needed employs unskilled labour to do farm work. It would appear that the level will vary significantly from basic understanding to expert level, based on the number of employees and the labour requirement (specialised skills, client interactions, etc). A few of the owners noted that this can be outsourced or that an HR employee should be appointed. One owner particularly stressed the complexity of the labour legislation and advocated for the appointment of an expert. The business of this owner is very labour intensive with varying requirements in terms of skills and abilities. It was interesting to note, again, the stark contrast in comments, as one participant noted that a high level of skill is required for HR, but a basic understanding is required for labour law compliance. The owner's perception of the complexity of the legislation may be linked to the size of the business, as the onus on employers becomes greater with a larger work force. Some of the owners noted that this competency can be learnt through training.

4.3.7 Marketing management competencies

The definition of marketing management competencies as presented to the participants is depicted in Table 4.17.

Table 4.17

Definition of marketing management competencies

7.	**Marketing Management Competencies**	Applying basic marketing principles such as market segmentation, targeting, positioning and a competitive advantage. Developing or employing a market orientation. An owner who adopts a market orientation focuses on obtaining market information about their consumers, products and their competitors, and they apply this information to business activities to improve the market position of the firm. Applying strategic thinking to marketing decisions. A good understanding of the market before establishing the business and identifying opportunities that exist in the market.

The small business owners agreed with the definition.

The final round of responses to the question about the importance of marketing management competencies are depicted as relative frequencies in Table 4.10. Based on the results, we can conclude that most of the owner-managers in the sample believe that marketing management competencies is important (100% of the respondents indicated that this is important or higher). It is striking that the importance increased throughout the rounds. In the first round, f_i = 40% rated marketing management competencies as somewhat important, compared to the final round where none of the owners rated it is somewhat important and all the ratings were important or higher.

Several of the owners reiterated that their main marketing tool is referrals and WOM. Moreover, two participants noted that marketing is not as important for them. The first one stated that she supplies eggs and “everyone eats eggs” therefore there is not much marketing required. She did, however, say that it is important to know what is going on in the market, to know if it is flooded and to adjust prices accordingly. Another owner noted that there are very few similar firms to the one the owner-manager has and therefore less competition and less marketing is required.

A few of the owners reiterated the point about ensuring that the positioning of their organisation is correct. One owner made the example that marketing will ensure that a business does not launch “bacon in a Muslim country”. Another owner pointed out that the need for digital marketing and managing “content” about the business on social media platforms has increased as the demand for information has increased with the advent of social media.

The respondents’ responses to the question of how frequently they display marketing management competencies are depicted in Appendix L. The responses varied with several owners noting that monitoring of the market should happen often, but that they only reassess their marketing position annually with their financial statements. Another owner noted that he is constantly managing the social media content of the firm.

The respondents’ responses to the question of what level of marketing management is needed are depicted in Appendix M. Some of the owner-managers noted that this function can be outsourced to marketing agencies, consultants or digital marketing experts. Another owner noted that an owner-manager can learn this competency as he/she goes along by evaluating the effectiveness of marketing techniques employed. It is interesting that one of the participants, who owns a franchise, noted that the franchisor assists greatly with the competency. It would appear that several owners agree that this competency does not necessarily have to be performed by the owner-manager. As one participant noted, this function can be outsourced, but it will save some money if the owner can do it.

It is interesting that in the second round, one of the owners noted that marketing is not difficult and in the third round one owner explicitly referred to that comment and stated his disagreement. He noted that it might be easy for some, but not others and that is why owners make use of marketing agencies. This was the only time where direct disagreement was pointed out in the comments.

4.3.8 Entrepreneurial Behaviours

The definition of entrepreneurial behaviours as presented to the participants is depicted in Table 4.18.

Table 4.18

Definition of entrepreneurial behaviours

8.	**Entrepreneurial Behaviours**	This includes behaviours that are associated with innovation, risk taking and creativity, as well as, searching for, recognising and exploitation of opportunities. The appropriate balance of an adapter approach and innovator approach. Adaptors apply procedures and techniques that are well established and commonly used. Innovators continuously apply new techniques and search for new ways of doing things. Certain aspects of the business may require an adaptor approach while innovation should be applied to others. The aforementioned balance falls under entrepreneurial behaviours of small business owners.

The small business owners agreed with the definition. One owner added the importance of experimenting, explaining that owners need to be "obsessed with experimenting with different ideas, different ways of doing things, different customers, different products, and everything else". This comment was explicitly supported in a subsequent round.

The final round of responses to the question about the importance of entrepreneurial behaviours is depicted as relative frequencies in Appendix L. As can be seen by the results, all of the owner-managers agree that entrepreneurial behaviours are at least important, with more than half of the owners falling into the extremely important category. From the comments, the theme of risks, but calculated risks surfaced. One of the owners reiterated the importance of obtaining information to make business decisions, and another suggested that owners experiment in small bites, rather than big risks.

The importance of entrepreneurial behaviours may also vary according to the industry. One owner noted that the technical work they do is more adaptive and that they can apply innovation in other areas, such as service delivery. Similarly, another consulting firm noted that the innovation in their organisation is in terms of automation of processes to improve service delivery. It is interesting that both of these owners offer a technical consulting service. Another owner noted that his business is in a "trend-based industry" where the trends frequently change and therefore, they need to constantly update their skills and make changes.

The respondents' responses to the question of how frequently they display entrepreneurial behaviours are depicted in Appendix M. It is interesting that the ratings for the frequency varied across rounds, whereas the ratings for the importance and level remained relatively stable. In the first round, the frequency rating for multiple times a day was $f_i = 13\%$, whereas in the third round it was $f_i = 0$. Rarely increased from $f_i = 0$ to $f_i = 5\%$. From the comments, it would appear that several owners believe that these behaviours are displayed all the time in the form of being open to opportunities, looking for opportunities and constantly questioning the status quo in the firm.

One owner noted, that only during quieter business times do they reflect on what can change and new ways of doing things. As can be expected, one owner noted that entrepreneurial behaviours are very important during the formative stages to establish the business, but thereafter it becomes less necessary to frequently display the behaviours. Similarly, an owner noted that if the strategy is working, the need for entrepreneurial behaviours is reduced. Lastly, it was theorised in the personal outcomes that owners may seek challenges, with an owner noting that when the business is not presenting him with challenges, he will start up “little side projects” to “feed the need”.

The respondents’ responses to the question of what level of entrepreneurial behaviours is needed are depicted in Appendix M. The rating for the level of entrepreneurial behaviours remained relatively stable across the rounds. None of the owners mentioned that this can be outsourced or delegated to an employee and none of the owners indicated that this can be developed or improved.

4.3.9 Technology related competencies

The definition of entrepreneurial behaviours as presented to the participants is depicted in Table 4.19.

Table 4.19

Definition of technology related competencies

9.	**Technology Related Competencies**	Keeping up to date with the relevant information technologies and applying technological equipment and information technologies where appropriate and cost effective.

The owners agree with the definition. One owner pointed out that technology is more than computers and that it also includes the way that the workplace is designed to facilitate flow (ergonomic techniques).

The final round of responses to the question about the importance of technology related competencies is depicted as a relative frequency graph in Table 4.10. Interestingly, the importance rating of technology related competencies decreased through the rounds. The extremely important rating decreased from f_i = 39% in the first round to f_i = 25% in the last round. A prevailing theme was the importance of technology to improve the efficiency of the business, but this may be industry or business specific. One of the owners noted that as a consultancy, time is money and therefore technology needs to assist with automating some of the functions to free up time, but also to reduce “human error”. The other importance that owners noted was to constantly be aware of the technological changes that impact on the industry or type of business. There was a recurring theme of “keeping up” with the market trends and what competitors are doing in terms of technology. Two owners specifically noted that it is not particularly relevant for their industry. The one owner explained that she does not need much technology on the farm.

The respondents’ responses to the question of how frequently they display technology related competencies are depicted in Appendix L. The responses to the frequency of displaying technology related competencies were interesting as it decreased over the rounds. The frequency for all the time decreased from f_i = 35% to f_i = 25%. While the frequency rating for every now and then increased from f_i = 43% to f_i = 60%. Several owners noted the importance of constantly being aware of the technological developments that are taking place in their industry or that could impact on their business. The comments varied from “technology does not change overnight” to “technology is constantly changing”. One of the owners noted that each business transaction requires some form of technology. He was most likely referring to communication technology and electronic payment methods. Lastly, one owner noted that all their work has moved to digital and the information is captured digitally on computers (accounting).

The respondents’ responses to the question of what level of technology related competencies is needed are depicted in Appendix M. The frequency rating for expert level dropped from f_i = 26% in the first round to f_i = 15% in the last round, with most of the responses moving to level 4 (35%). It was interesting that the owner-managers responded that for this competency cluster, they need to know what is required for their business and to make decisions about investing in technology, but that the technical aspects can be outsourced to experts, consultants and service providers. Furthermore, unlike the other competency clusters, the owners strongly indicated that the employees in the organisation can make up for their lack of competence in this area and that the employees are usually more competent in terms of technology relative to the owner.

4.3.10 Socially responsible behaviour and ethics

The definition of socially responsible behaviour and ethics as presented to the participants is depicted in Table 4.20.

Table 4.20

Definition of socially responsible behaviour and ethics

10.	**Socially Responsible Behaviour & Ethics**	Modelling ethical behaviour, the establishment of an ethical code of conduct (whether through commonly accepted behaviour or a written and implemented code) and honesty. Added: Professionals (such as accountants, lawyers, actuaries, engineers, etc) awareness of the content of their professional codes, as well as compliance with the code. Socially responsible behaviour whereby the owner is aware of and responds to social issues and places a high priority on ethical standards. Contributing to a sustained environment and/or a focus on environmentally friendly business methods. Measurable socially responsible goals.

For the most part the owners agreed with the definition.

4.3.10.1 Refining the definition of socially responsible behaviour and ethics

From the feedback, the awareness of the content of a professional code, as well as compliance with the code for professionals was included in the definition after the first round. Higgs-Kleyn and Kapelianis (1999) stated that professionals have complex knowledge and technical skills, and therefore their ethical conduct is crucial. Furthermore, Higgs-Kleyn and Kapelianis (1999) found that accountants, engineers and lawyers in South Africa are generally aware of the content of their professional codes, support the necessity for the codes and are aware of the punitive measures for contravention of the codes, but that they (lawyers in particular) believed that other professionals do not necessarily abide by the code. There were four 'professional' small business owners included in this study, whose conduct is regulated by professional ethical codes. Furthermore, professional consulting if often done in the context of a small business and therefore awareness and adherence to the applicable code was included.

One owner did not agree with the definition and offered the following explanation:

> Ethics/social responsibility is subjective. The question should more be around morality. Slavery used to be legal, but we all knew it was completely immoral. But was it unethical? We have a diverse society with different cultural beliefs and therefore we live in a land of subjectivity when it comes to those two subjects. Focus more on what is moral, amoral and immoral.

To further understand this point, the owner-manager was contacted directly. He then referred to his business ethics lectures given by Jimmy Winfield and the prescribed book by Winfield, Hull and Fried (2014) to explain his comment. According to Winfield et al., (2014) moral is synonymous with ethical, amoral with non-ethical and immoral with unethical. A request was put to Winfield to assist with clarifying whether 'ethics' is the appropriate term to use in this context and graciously Winfield agreed to assist. In a telephonic conversation Winfield explained that the terms can be used synonymously, but that for the context of this study, the term 'ethics', which is better understood, is more appropriate (J. Winfield, personal communication, June 14, 2019).

4.3.10.2 Examples of socially responsible behaviour and ethics in a small business

Throughout the questionnaire, the owner-manager provided examples of various behaviours that they display in terms of their social responsibility, environmental responsibility and ethics.

Several of the owners noted that they support one or more charities in the form of financial or product donations, sponsorships and also hosting events on their premise in conjunction with the charity. The non-profit organisations mentioned range from medical assistance, assistance with special needs children, recycling, education organisations and animal welfare.

Furthermore, some owners noted that they aware of the negative impact of their business's activities on the environment and that they attempt to limit the negative impact. One owner noted that his business uses only environmentally friendly chemicals, another stated that she implemented recycling in the office and one owner noted that they have gone paperless as far as possible.

4.3.10.3 The importance, frequency and level of socially responsible behaviours and ethics

The final round of responses to the question about the importance of socially responsible behaviour and ethics is depicted as relative frequencies in Table 4.10. In line with the findings of Martin and Staines (1994), at least three owners specifically referred to the importance of honesty. Another recurring theme that appeared in the comments, is that owner-managers noted the importance of acting consistently.

Two of the owners specifically noted challenges that they face in this regard. The first noted that the challenge is a lack of social development in their area and that negative behaviours occur in their business as a result of social circumstances. The other owner noted that due to the exposure of the corruption in Government, a breakdown in social ethics has resulted. This comment was supported by another owner.

Some owners noted that this competency is theoretically important to them in terms of their own personal values and how they want to act personally, but that they did not think that it was practically important to the business. In contrast, several owners noted that their SR and ethical behaviour has a big impact on the relationship with various stakeholders, influencing their reputation and the trust that others have in them and their business. One owner also noted the risk to the business if the owner makes unethical decisions.

The respondents' responses to the question of how frequently they display socially responsible behaviours and ethics are depicted in Appendix L. Limited insight was offered on the frequency of socially responsible behaviours and ethics, but some owners did mention that this needs to be an attribute that is naturally present in the daily doings of the business. In line with this, another owner commented that this is done daily in his decisions. He further reminded owners of the importance to act, not only in the interest of clients, but also in the interest of the public.

The respondents' responses to the question of what level of socially responsible behaviours and ethics is needed are depicted in Appendix M. It would appear, as can be expected, that the owners did believe that socially responsible behaviours and ethics can be outsourced or delegated. The common recurring theme was the importance of the owner-manager setting an example for the employees, as well as the owner displaying these behaviours in his/her interactions with the public.

4.3.11 Learning orientation behaviours and knowledge management

The definition of learning orientation behaviours and knowledge management as presented to the participants is depicted in Table 4.21.

Table 4.21

Definition of learning orientation behaviours and knowledge management

11.	**Learning Orientation Behaviours & Knowledge Management**	Improving one's knowledge base and skills through seeking information, training and any other learning opportunities that could be of use to the owner-manager. The implementation of knowledge management in a small business context so that the information obtained by the owner can be shared with the employees to improve the overall performance of the organisation. Techniques such as on job training, job rotation and apprenticeships can be utilised for this purpose. In addition to the aforementioned, information specifically about the organisation and different areas of the organisation can be shared by the owner with his/her employees.

The owners agreed with the definition. One owner added that in his profession, the professionals are required to fulfil the Continuing Professional Development (CPD).

The final round of responses to the question about the importance of learning orientation and knowledge management is depicted as relative frequencies in Table 4.10. As shown, most of the owner-managers agree that learning orientation (LO) and knowledge management (KM) is important (75% of the respondents indicated that this was important or higher). Some of the comments pointed out that LO and KM is important to make the owner a better manager, to improve the strategy of the business (by obtaining information that informs the strategy) and that it will impact on the quality of work done by the business (consulting and other services).

The respondents' responses to the question of how frequently they display LO and KM are depicted in Appendix L. The frequency varied and the spread of the rating does not offer much insight into the agreement of the owners, however, this may be due to some owners focusing on LO and others focusing on KM and managing the performance of their employees. One of the owners noted that she cannot leave her employees to do the work as they wish and she needs to constantly check up on what they are doing, while another owner noted that due to having well trained staff they (the staff) can manage the business in his absence. This is likely to vary with the level of skill of the employee, with professional staff being more independent, but it may also vary with the level of empowerment and autonomy offered by the owner.

This competency cluster also closely linked to the marketing management competencies and technology related competencies, as numerous owners pointed out the importance of obtaining marketing and technological information and keeping up to date with the industry trends.

The respondents' responses to the question of what level of LO and KM is needed are depicted in Appendix M. For consistency, this question was included, but it is fully acknowledged that it is difficult to determine the level of LO and KM. This difficulty was reflected in the responses, as some owners focused on their perception of their own expertise, while others focused on performance management of employees and others just offered additional insights into the benefits of continuous learning.

4.3.12 Personal competencies

The definition of personal competencies as presented to the participants is depicted in Table 4.22.

Table 4.22

Definition of personal competencies

12.	**Personal Competencies**	Personal discipline, working consistently hard and consistently managing one's own performance. Own performance management includes identifying one's strengths and weaknesses and matching them to opportunities and threats, as well as setting standards and monitoring one's self against these standards. Personal competencies also include maintaining high levels of energy, managing one's career development, having a positive attitude, prioritising and responding to positive criticism. Strong leadership, proactiveness, good interpersonal skills, leading by example and displaying ethical behaviour. Lastly, personal competencies include the owner's commitment to the organisation and the performance of the organisation, as well as their perseverance.

The owners agreed with the definition although one commented that the definition is too broad and could be broken down into several competency clusters. This is a valid point, and the leadership behaviours could possibly be a separate competency cluster.

The final round of responses to the question about the importance of personal competencies is depicted as relative frequencies in Table 4.10. From the responses, we can conclude that most of the owners find personal competencies to be important (100% of the respondents indicated this as important or higher). A recurring theme, not only in this question, but throughout the questionnaire, was owner-managers pointing out the importance of the owner setting an example for the employees and leading by example (in terms of actions and not words). Some owners pointed out that personal competencies benefit the business, while one noted the “self-evident” benefits to oneself of displaying these behaviours.

Several owners noted the importance of being positive, maintaining energy and being motivated. Two owners pointed out the importance of enjoying the work or the business and that this leads to high energy and motivation and a positive attitude. These comments were supported in the subsequent round.

The respondents’ responses to the question of how frequently they personal competencies are depicted in Appendix L. The frequency rating varied based on the behaviour that the owner was focusing on. Some owners noted that self-evaluations and personal assessments should be done periodically, while other owners focused on maintaining a constant positive attitude.

The respondents’ responses to the question of what level of personal competencies is needed are depicted in Appendix M. Again, rating the level of personal competencies is difficult. But there was a recurring theme of perseverance and the importance of striving to improve on this front. One of the owners stated it candidly by saying “I try, but I fail”. Some owners noted that it is important for the owner to know the business and all areas of the business, while other owners focused on the importance of knowing oneself.

4.3.13 Comparison of the competencies

This section provides an overview of the rating responses of the participants in the final round. The rating responses are analysed by making use of the mean squared to represent importance, the standard deviation (SD) to represent consensus or agreement and a ratio of the mean squared divided by the SD. The ratio will provide an indication of the how important the competency cluster is and the relative strength of agreement among the participants. The ratings for the frequency and level questions will not be graphically depicted due to the extensiveness of the data, but any noteworthy findings in that regard is provided.

Figure 4.4 provides a graphical representation of the mean squared for the ratings of the 12 competency clusters.

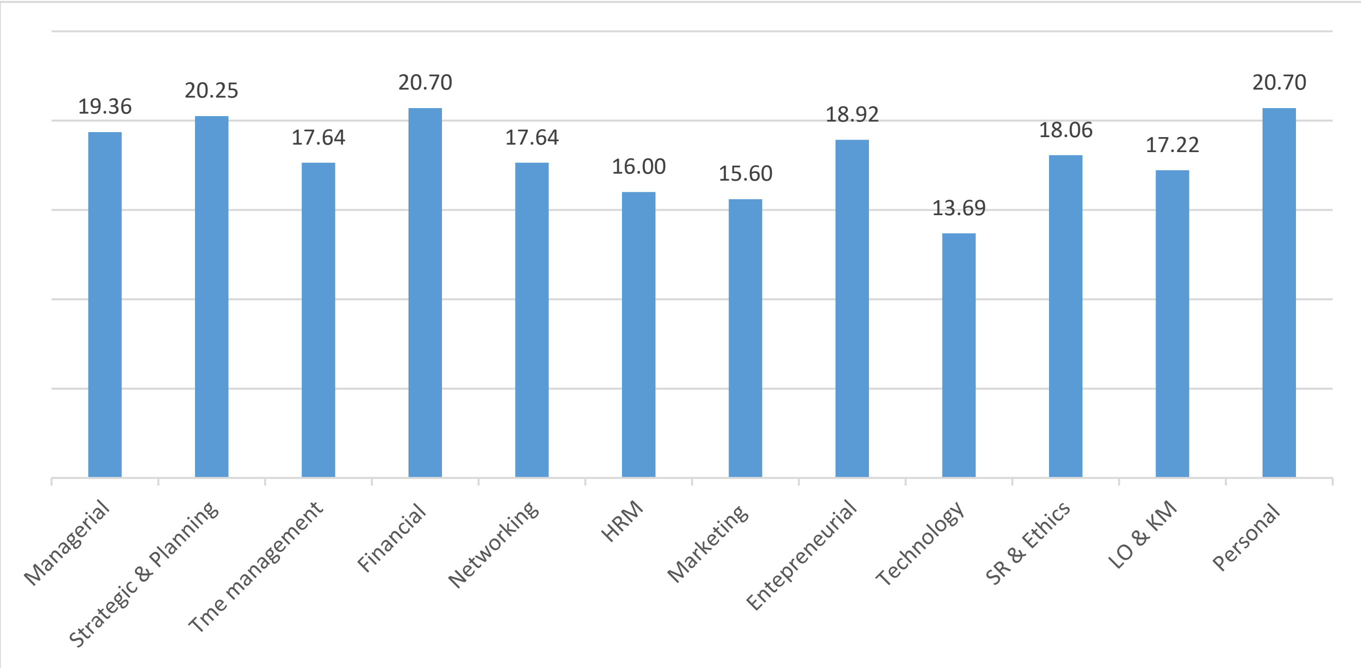


Figure 4.4. Graphical representation of the importance of the competencies (mean squared)

Technology related competencies was rated the least important. It was also the lowest rated on the frequency of displaying the behaviours, as well as the lowest rating on the level of expertise required. The comments provided for technology related competencies clearly indicate that owner-managers are comfortable to delegate this function to employees or service providers. Another contribution to these responses could be that owner-managers did not consider the daily technology use in their responses, such as their smart phones, email, VoiP, data software, electronic payments and internet information.

Personal competencies was rated the most important. Interestingly it was also rated the highest in terms of frequency and level. Financial management competencies was also rated relatively high in terms of frequency (third), but not as high on level (sixth). The lower rating on level may be due to this being the competency that the owner-managers provided the most comments about outsourcing this function. Strategic management and planning did not receive a high rating on frequency (sixth) or level (seventh).

Interestingly, time management was rated second highest in terms of frequency and entrepreneurial behaviours was rated second highest in terms of level of expertise required. Closely after entrepreneurial behaviours was networking and relationship building, managerial and time management.

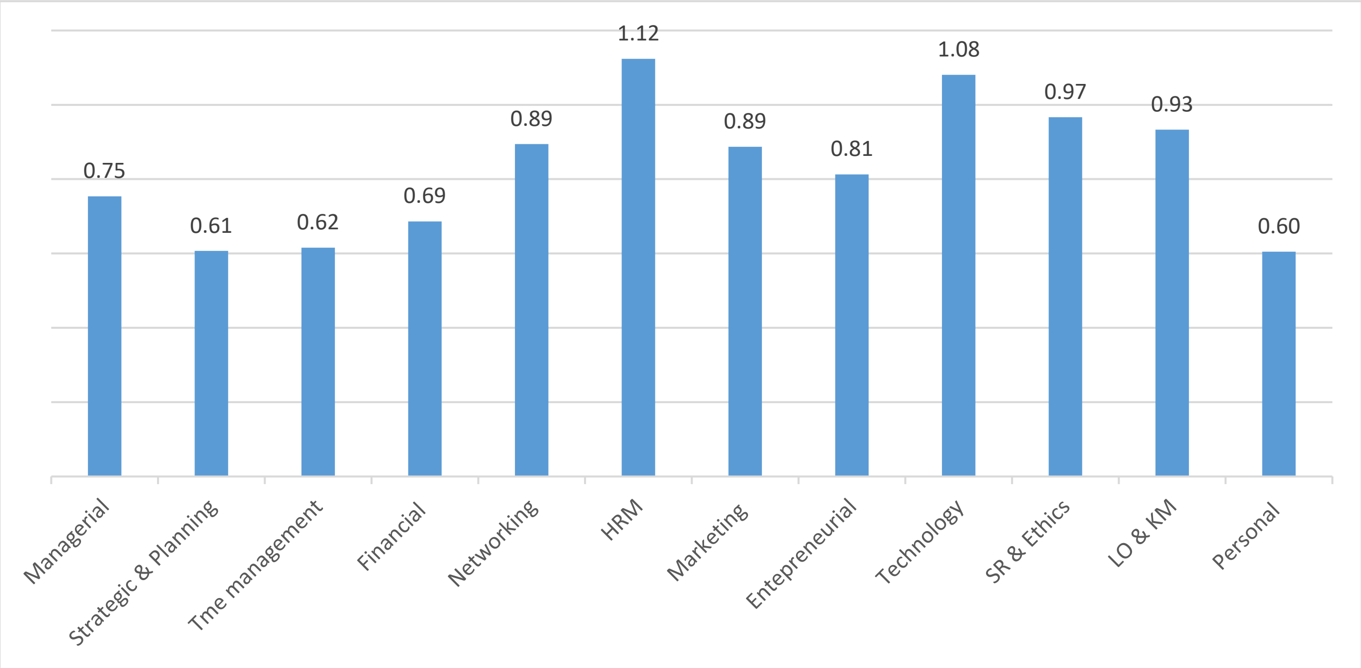


Figure 4.5. Graphical representation of agreement of participants on the importance of the competencies (standard deviation)

From Figure 4.5 one can see that personal competencies, strategic management and planning and time management show the least variance for the importance ratings. Personal competencies (second) and time management (first) showed a relatively low variance on the ratings for the frequency as well. Strategic management on the other hand showed relatively high variance (tenth) on the frequency responses. The variance for the level responses showed that personal competencies also showed the least variance, followed by entrepreneurial behaviours (second) and financial management competencies (third).

The ratios of mean squared to standard deviation of the rating responses for the 12 competencies are provided in Figure 4.6.

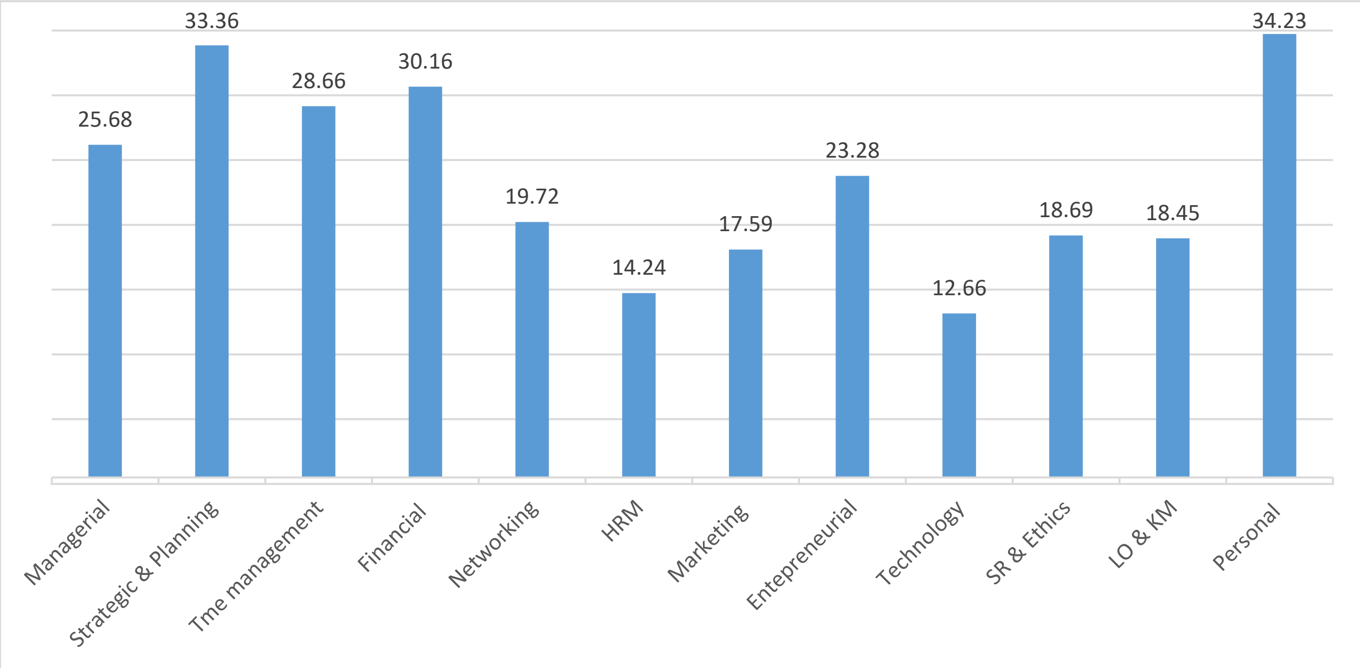


Figure 4.6. Graphical representation of the importance and agreement of participants on the competencies

Personal competencies, strategic management and planning, and financial management competencies appear to be the strongest competencies in terms of importance and agreement among the participants. Time management was the strongest competency for the frequency ratings, followed by personal competencies, financial management competencies and strategic management and planning. Personal competencies was the strongest competency for the level of competency, followed by entrepreneurial and managerial competencies. Technology had the lowest ratio on all three of the factors.

It is interesting that the HR outcome was the third strongest outcome based on the ratio, yet HRM was the second lowest competency. Examining the links between the competencies and outcomes is beyond the scope of this study, but an examination into the links may provide insight into this misalignment.

4.3.14 Additional competencies

The participants were asked to list any additional competencies that were not mentioned in the questionnaire, and in subsequent rounds they could comment on the suggested outcomes. The participants identified two additional competencies.

4.3.14.1 Leadership

Leadership was suggested by a participant in the first round as an additional competency. While leadership is included in the managerial competencies and personal competencies, it was not a separate competency. One of the owners asked whether there is a difference between leadership and management. Two participants stated that leadership and management differ. According to the one owner, leadership is about inspiring people and according to the other, leaders have people who follow them, while managers have people who work for them. Another owner commented saying that he agrees that leadership should be part of managerial competencies. It is accepted in literature that there is a difference between a manager and a leader (Yukl, 2013). Notwithstanding this, and based on the current definitions of the competency clusters, leadership is included in the other clusters, but it could, however, be explored further as a separate competency cluster. The responses in this study did not provide enough support for it to be defined as a distinct competency during the rounds of the Delphi.

4.3.14.2 Fortitude

In the second round, one participant suggested that fortitude should be added as a competency. The owner-manager further explained that owners need to have a strong self-belief that they have control over their future in the face of challenges and they need to be able to adapt with speed. Eight small business owners explicitly agreed that fortitude, as explained by the comment, is important for small business owners.

Fortitude as a construct has not been researched in relation to small business owners, but fortitude and the explanation of the owner links closely to resilience. In their study, Ayala and Manzano (2014) found that resilience (hardiness, resourcefulness and optimism) is linked to small business owner growth (number of employees, assets and sales). Resilience was not added to the competencies as it is a competency potential and not a behaviour.

4.3.14.3. Compliance with regulation and legislation

Although compliance with regulation and legislation was not suggested by any of the participants as an additional competency. It was evident through the comments that it was an area of concern for the owner-managers. Moreover, compliance with regulation and legislation has been found to be a major challenge for small business owners in South Africa (Kinggundu, 2002; Nieuwenhuizen, 2019; Olawale & Garwe, 2010)

The definition of compliance with regulation and legislation as presented to the participants is depicted in Table 4.23. All changes to the questionnaire were indicated in blue to make it easier for participants to see the adjustments.

Table 4.23

Definition of compliance with regulation and legislation

Compliance with regulation and legislation:
DEFINITION:
Being aware of and understanding the regulations and legislation that govern your business/industry. Spending the time and cost to ensure compliance with the applicable regulations and legislation. This includes, but is not limited to, income tax, VAT, accounting, licensing, reporting and labour legislation.

The participants were presented with the definition and asked to provide comments. They expressed agreement with the definition.

The participants were then asked whether compliance with regulation and legislation should be a separate competency. Seventy-four per cent of the participants agreed that it should be a separate competency, 21% said that it should not and 5% did not indicate a preference. The owners who stated that it should not be a distinct competency reasoned that it is included as part of HRM (labour legislation) and financial management competencies (tax and accounting). One of the owners suggested that it should also be included under strategy, as some firms use changes in legislation to gain a competitive advantage. One owner noted that although it falls under HRM and financial management competencies, it is important enough to be a cluster on its own. The other dominant reason provided for why compliance should not be a separate competency is that a few owners pointed out that it is just something that needs to be done and that it is a non-negotiable. While this is technically true, research on small business owners indicates that compliance is a hinderance and a serious challenge for small business owners and, as such, one cannot assume that because it must be done that it is being done or that it is being done in an efficient way.

The owners were agreed on how important compliance is to them as owners. There was 100% agreement that it is important, with responses ranging from very important, extremely important, mandatory, essential and critical to the survival of the business. Some owners indicated that without it, the business will fail. Other others noted the concern of facing labour disputes and legal battles. Moreover, the owners mentioned that if an owner does to comply then the business can be faced with fines and penalties, lose their license to practice or lose their registration as a business. One of the owners noted that without compliance, they would not be able to do 50% of the work that they do. Lastly, an owner mentioned that it is important not only for the survival of the business, but also the freedom of the owner, as failing to comply with certain company legislation, such as health and safety, could result in imprisonment of the owner (Occupational Health and Safety Act and Regulations, 1993, 2016).

The owners were asked how frequently they display compliance with regulation and legislation. Forty-five per cent of the owners stated that they display it all the time or constantly, 20% said daily or at least once a day, 10% provided neutral responses and 25% of the owners stated that they do it periodically, or as necessary or every now and again. One owner who stated that he does it every now and again, noted that the frequency is increasing.

Lastly, the owners were asked how good they must be at compliance. Most of them indicated that a very high level of competence is needed. The owners who indicated that only a basic understanding is required, all added that the function should be outsourced to professionals or experts. There were several comments about outsourcing this function to external consultants and one owner suggested the use of accounting software to assist with financial compliance. One of the owners noted that as small business, you do not necessarily have the funding to outsource this function and as such the owner needs to be very competent.

Based on the literature of small business owners and the responses from the participants, this research postulates that compliance with legislation and regulation should be added to the list of proposed competencies with the description provided in Table 4.23.

4.4 Analysis of consensus

The various levels of agreement among the participants for the rating questions were depicted in the sections covering the comparisons of the outcomes and competency clusters. In those sections, the level of agreement for each outcome and competency cluster is reported by making use of the SD. In this section, however, the outcomes and competencies will be examined together. The primary purpose of this study was not to measure the level of consensus, but an examination of Kendall's W provides useful information and, unlike the previous analysis it can be compared across studies.

4.4.1. Analysis of the ranking of outcomes and competencies

While Kendall's W can be calculated for rating data, it is technically more appropriate for ranking data (Siegel, 1957). The purpose of this study, however, was to develop a list of outcomes and competencies that are important to owner-managers. Therefore, it can be assumed that it may be difficult for the participants to rank the outcomes and competencies in terms of relative importance. After completing the rating questions that measure the individual importance of the items, the participants were asked to rank them from most important to least important. The software used purposefully prevented any ranking ties. Table 4.24 shows the Kendall's W results for the three rounds calculated on the ranking questions for the outcomes.

Table 4.24

Kendall's W for the outcomes (ranking data)

	Round One	Round Two	Round Three
Kendall's W	**.302**	**.360**	**.289**

In ranking Delphi studies, where the objective is to determine the relative importance, the W should increase or at least remain the same across rounds. This is because the list of items is usually narrowed down after each round based on the results. None of the items were removed in this study and the list was not narrowed down. This may be one explanation for why the W results did not increase across the rounds for the outcomes. As can be seen in Table 4.24, the final W is actually lower than the first round's W. Table 4.24 only includes the Ws for the participants that completed all three the rounds. The W for the first round with all the participants included was .336, indicating an even bigger decrease from the first round to the last round.

Although one would ideally want a higher W and to see an increase across the rounds, the results depicted in Table 4.24 are understandable. Firstly, the purpose of this study was not to determine relative importance, or the order of importance of the outcomes. The purpose of this study was to develop a comprehensive list of outcomes, with descriptions that aid in enriching the understanding of small business owners. Moreover, it is understandable that the participants found it challenging to rank the order of importance of the items, as the aim was to include all the important items in the study and some of the outcomes are very similar and have overlapping characteristics. Some of the owners explicitly commented that it was difficult to rank the outcomes, and that they are "all closely linked" and that some are "close to being equal". If items are difficult to rank and if participants find it difficult to make clear distinctions between the importance of the items (mutually exclusive), the agreement among the participants will naturally be lower and subsequently, the W will also be lower.

The difficulty in ranking the outcomes is compounded for the competencies, as there are eight outcomes, but 12 competencies. The more items there are to rank, the higher the likelihood for disagreement. Table 4.25 shows the Kendall's W results for the competencies for the ranking data.

Table 4.25

Kendall's W for the competencies (ranking data)

	Round One	**Round Two**	**Round Three**
Kendall's W	**.252**	**.284**	**.292**

Unlike the W for the outcomes, the Ws for the competencies at least show an increase over the rounds. However, while this is interesting, it does not tell us much about the agreement. Some of the owner's commented that the order of importance will change based on the business changing, the life cycle of the business and the current circumstances of the business. Furthermore, an owner noted that the order of importance changes daily, based on the current circumstances around the business. One owner pointed out that the industry will also impact the order of importance. Therefore, the order is likely to be different among different owners based on their preference, the type of business, the industry and other factors around the business. This was also seen in the explanations of the competencies in the previous section. But, the order is also likely to change for the same owner, but at different life cycles of the business. It is supported in literature that the owner will need to show different behaviours at different stages of the business's life cycle.

One of the owners explicitly noted that her order may not be correct and that she will have to reread the definitions to reminder herself. An examination of the owners' responses for the ranking questions showed the responses for one owner would vary quite substantially between rounds. Furthermore, the connection problems experienced by two of the participants resulted in the software saving multiple attempts to complete the same round. This showed that the order could differ, not just between rounds for the same owner, but for the same round but completed a few hours later.

To conclude, the ranking questions were examined as this is standard practice for Delphi studies. While an examination of the ranking questions confirmed that the order of importance of the outcomes and competencies will differ among small business, for different types of businesses and industries and at various stages of the business lifestyle, it did not add significant value to the topic or purpose of the study. It did, however, offer valuable insight for Delphi users in that if the Delphi is used to examine importance of items, rather than relative importance, ranking questions may not be entirely suitable. Furthermore, it reiterates the importance of not making use of arbitrary Kendall's W thresholds as a stopping criterion for the Delphi.

4.4.2. Analysis of the ratings of the outcomes and competencies

Although Kendall's W is more appropriate for ranking data, it can be used for rating data. The concern, however, is that ties make it more difficult to get an accurate indication of the level of agreement (Schmidt, 1998). When Kendall's W is used for rating data, the ratings need to be converted into ranks and the calculation needs to be adjusted (Meijering et al., 2013; Nevo & Chan, 2007). The Kendall's Ws reported in this section were calculated in Excel, SPSS and R to confirm that the ties were accounted for. SPSS and R both automatically adjust the calculations for ties, whereas the formula in Excel needs to be adapted. Table 4.26 depicts the Kendall's W for the final round of rating questions for the outcomes and the competencies.

Table 4.26

Kendall's W for the ratings of the outcomes and competencies

	Outcomes Importance	**Competencies Importance**	**Competencies Frequency**	**Competencies Level**
Kendall's W	**.43**	**.11**	**.17**	**.15**

The W for the outcomes is substantially higher than for the competencies. One explanation for this may be due to the number of items. With more items, the level of agreement is likely to be lower. Another possible explanation for the generally low Ws found for this study, is the number of participants. One would assume, when comparing this study to qualitative studies, that 20 participants is a small sample. However, for a Delphi study, this may be a large sample.

Meijering et al., (2013) showed that decreasing the sample from 20 participants to 10 participants made a substantial difference to the level of agreement. They did, however, also caution Delphi users that a sample that is too small was not sufficiently correct for chance agreement.

While examining the overall Kendall's W is standard practice and it provides interesting considerations, it does not add substantial value to the topic at hand. Therefore, a further, more in depth examination of the Ws could be of value.

4.4.2.1 Pairwise comparison and participant clusters for the outcomes

In their study, Nevo and Chan (2007) removed the five experts whose responses showed the greatest deviation from the mean. By removing five experts, their W increased, and they were able to report a strong consensus. Other Delphi studies have removed items over the rounds to improve their consensus. While removing items or responses may have served the purpose for those studies in that they could obtain higher levels of consensus, it would be of no value in this study. Reporting a high level of consensus is not justified if the findings do not add value to the topic. Nonetheless, removing participants to increase the Kendall's W does lead one to think about grouping participants in terms of their agreement.

A pairwise comparison was performed on the participants responses and in addition MSD plots were developed. To maintain anonymity, the actual pairwise tables and MSD plots will not be included, however, insightful findings are reported here. The pairwise comparisons informed the development of participant clusters. Table 4.27 depicts the clusters that were found for the rating of the outcomes.

Table 4.27

Kendall's W participant clusters for the outcomes

Cluster	Kendall's W	F	p-value	Participants
1	.65	11.27	0	7 participants
2	.65	16.38	0	10 participants
3	.53	2.22	0.11	3 participants

Only the number of participants per cluster has been depicted in Table 4.27 to maintain anonymity, however, the actual clusters contain the identities of the participants to examine any possible indication for the various participant clusters. Interestingly, the three participants who work and reside on farms are grouped together in cluster one. When examining their individual levels of agreement with each other, the W ranges from .82 to 1. Moreover, all four of the participants who reside and own businesses in rural areas are included in cluster one. When examining their individual level of agreement with each other, the W ranges from .72 to 1. This could indicate that the objectives of an owner-manager may differ between rural and urban areas. There are no other strong indicators of location or industry in the three clusters.

Four of the participants included in the study have a direct family member that also participated - direct here being used to mean, parent-child relationship or sibling or spousal relationship. Each of the four participants own and manage their own small business and none of the participants answered the questionnaire about the same business. That being said, it is interesting to note that two owners that have a direct family relationship are grouped together in cluster two and the other two are grouped in cluster three. While the sample is too small to make any definitive conclusions, based on the findings for the outcomes, especially those for the outcome of survival and continuation, it would make sense for direct family members to have similar views of their objectives and the performance measures of their business.

4.4.2.2 Pairwise comparison and participant clusters for the competencies

This section details the pairwise comparisons for the competencies in terms of the participants' ratings for importance, frequency and level. As was done with the outcomes, the Kendall's W participant clusters were developed for the competencies. Table 4.28 presents the clusters that were found for the importance ratings for the competencies

Table 4.28

Kendall's W participant clusters for the competencies (importance)

Cluster	Kendall's W	F	p-value	Participants
1	.22	2.21	0.02	9 participants
2	.26	3.42	0	11 participants

The W for the importance ratings is .11 and therefore, unsurprisingly, the two-dimensional and three-dimensional MSD plots show a wide dispersion of the participants. An examination of the clusters does not provide any additional insight, since the groups are too large to discern specific similarities or differences. There were four participant clusters that arose from an examination of the frequency rating, with slightly less dispersion in the results relative to the importance ratings. Similarly, there were four participant clusters that arose from an examination of the level ratings. Throughout the importance, level and frequency ratings, only three of the participants always appeared in the same cluster each time. The similarities of these three participants include their gender, race, highest qualification, their number of employees and they are in similar industries. While they offer different products and services, each of these businesses involves the use of manual labour, and they have to transport their products to their client's premises and do some form of installation at the premises. These similarities in their business could explain the similarities in their responses.

4.5 Concluding remarks and summary

The purpose of this study was to develop a small business owner competency model by identifying and defining the competencies of a small business owner that are required for success, as well as identifying and defining the performance outcomes for a small business and small business owners. The use of the Delphi proved successful as it resulted in a wealth of information to analyse and interpret. By making use of the information, a list of outcomes and competencies for small business owners in South Africa was developed.

The chapter started with the definitions and description of each of the eight outcomes. This was followed by the definitions and descriptions of each of the 12 competencies. Through the study, the additional and separate competency cluster of compliance with regulation and legislation was added. Following on that, an analysis and interpretation of the ratings and rationale for the ratings was provided for the outcomes and competencies. A comparison of the relative importance and variation in the responses was provided and the chapter concluded with an examination of consensus by making use of Kendall's W.

The last chapter provides concluding remarks, the practical and theoretical implications of the study, as well as the limitations of the study.

CHAPTER 5: CONCLUDING REMARKS

5.1 Introduction

South Africa is plagued with an extremely high unemployment rate, high levels of crime, poverty and income inequality. It is widely recognised that small businesses play a vital role in the economy of a country in terms of creating employment, alleviating poverty and income inequality and stimulating economic activity in rural areas. However, small businesses can only contribute to the economy if they survive and succeed in the marketplace. Due to the high failure rate of small businesses, there is an urgent need to address the performance of small business owners and small businesses. Owing to the crucial function small businesses play in the South African economy and the high failure rate of these businesses, it is essential that research on small businesses progress, and provide practical and usable information. The objective of this research was to develop a competency model for small business owners in South Africa that explained the desired performance outcomes and the competencies required to achieve performance outcomes.

The literature overview provides an explanation of related concepts and contextual information. It also aided in the development of theorised performance outcomes and competency clusters. Due to a lack of South African literature available on small business owners, the literature was supplemented with international research. From an examination of fragmented local and international research, as well as the challenges that small business owners face and the context in which they operate in South Africa, eight performance outcomes, and 12 competency clusters were developed. The aim of this study was to ensure that the competencies and outcomes are as comprehensive as possible to avoid adding further to the inconsistencies and fragmented research. To achieve this, the Delphi method was used to evaluate the theorised outcomes and competencies, as well as their descriptions.

Chapter 3 covers the Delphi technique and the application thereof to this study. To ensure quality and ethical research, the research design decisions are transparently recorded. Furthermore, justifications are provided for the use of qualitative research, as well as research design and analysis decisions where there was a lack of guidelines or standardised rules. The findings are presented and interpreted in Chapter 4. The following section provides an overview of the results obtained. This is followed by a discussion of the research limitations, and concludes with theoretical and practical implementations of this study.

5.2 Summary of results

The owner-managers were asked to comment on the list of outcomes and competencies, as well as their definitions. Throughout the three rounds of the Delphi, it was established that the eight proposed outcomes are comprehensive in describing the performance outcomes of a small business and small business owner. The definitions of the outcomes were refined through the feedback of the owner-managers. With the first outcome, survival and continuation, it was discovered that continuation can mean that the business continues to operate, or it can mean establishing the business as a separate, independent and sellable entity to continue without the owner-manager's active involvement. The definition for this outcome was adapted slightly. The comments about profit revealed that profit as a performance outcome should differ based on the type of business. For sole proprietorships and partnerships, the outcome can remain as is, but for a business that is a separate legal entity, this outcome needs to be split into the business' profit and the owner-manager's income from the business. The definition of growth was expanded and the remaining five outcomes' definitions remained as theorised but additional insight from the owners was presented.

The owner-managers rated the outcomes in terms of importance. This revealed that all of the outcomes should remain on the list of performance outcomes for small business owners, but that the level of importance and relevance may differ due to factors such as the owner-managers' perception of their employability, the business' sell-ability, the dependants of the owner-manager and the dependants of the business, the type of business, the industry of the business, the life cycle of the business, and finally the number of employees and, skill level and sophistication of the employees. A comparison of the outcomes revealed that survival and continuation, production and productivity, personal outcomes and HR were rated as the most important. They also had the highest level of agreement and accordingly it was concluded that they are the 'strongest' outcomes.

An examination of the twelve competencies resulted in minor alternations to the definitions of time management and socially responsible behaviour and ethics. Again, additional insight offered by the owners was included in the descriptions. From the owner-managers' responses and recent literature on small businesses in South Africa, an additional competency was added: compliance with regulation and legislation. Although some compliance factors are included in other competency clusters, such as financial management and HRM competencies, due to the importance of the behaviours, and the struggles small business owners face to comply, it was separated. Furthermore, there are additional compliance aspects, such as business registration, consumer protection, licensing and other regulations that were not covered under any other competency cluster.

The competency clusters were rated by the owner-managers on their importance, frequency and level. Again, this revealed that all the competencies should remain on the list of competency clusters, but that the importance, frequency and level of expertise required for the competency cluster may vary. Furthermore, the feedback from the Delphi revealed which of the competency clusters can be outsourced, and where owners feel that there can be a lack of competence which is compensated for in other ways. When comparing the competencies, they revealed less outliers relative to the outcomes, but personal competencies and strategic management were rated as the most important competency clusters with the highest level of consensus.

Finally, the Kendall's W was reported for the three rounds for the ranking questions and pairwise comparisons and participant clusters were developed using W for the rating questions. This revealed that ranking questions are not appropriate when the purpose of the study is not to determine relative importance. Furthermore, the participant clusters revealed that the owner-managers may differ to the extent that they view outcomes as important, based on whether their business is located in a rural or urban area.

5.3 Research limitations

Literature commonly refers to the Delphi technique as a qualitative method of data collection, however, this may not be entirely accurate. The Delphi technique, when performed in accordance with the "ideal" Delphi generates both qualitative and quantitative data. The integration of qualitative and quantitative methods is referred to as the mixed method approach (Bryman, 2006). This approach has become a distinct research approach and therefore researchers should make a distinction between qualitative, quantitative and the mixed-method approach (Tashakkori & Creswell, 2007).

This research, like other users of the Delphi, referred to the Delphi as a qualitative approach. This is because using the term 'mixed method' might insinuate that empirical analysis is performed or that the sample is representative. The Delphi is used to solicit high quality responses and the quantitative analysis applied is done to enhance results, not to derive conclusive inferences. The data generated is also not entirely quantitative as the participants provided reasons for their responses and comments on the definitions. The quantitative data was not interpreted as conclusive or generalisable, and it was interpreted along with the qualitative information obtained. This research acknowledges that the Delphi can be, and most likely should be, referred to as a mixed method approach; however to avoid expectations of empirical evidence and because the dominant method of data collection and analysis was done in a qualitative manner, the Delphi in this study is referred to as a qualitative research method.

This study is the first attempt to develop a comprehensive competency model for small business owners with outcomes and competencies that adequately acknowledge the heterogeneity of small business owners in South Africa and, as such, no final conclusions can be made from the findings. The Delphi makes use of a sample of experts and does not call for a sample that is representative of the population, therefore the findings offer valuable insight, but they are not generalisable (Shariff, 2015). Moreover, the sample did not include businesses that have not been in operation for at least three years, with a minimum of two employees. The results are likely to differ for businesses in the formative and development stages, and for businesses with one or no employees.

One of the primary objectives of the Delphi was to design a data collection tool that is free from group pressures (Nelms & Porter, 1985). To this end, one of the key features of the Delphi is anonymity (Dalkey & Helmer, 1963; Gupta & Clarke, 1996; Hsu & Sandford, 2007a; Loo, 2002; Rowe & Wright, 1999; Von der Gracht, 2012). The Delphi takes advantages of the positive aspects of the nominal or interactive group techniques, but due to the anonymity, the negative effects of dominant individuals are removed (Dalkey, 1969; Graham, Regehr & Wright, 2003; Hsu & Sandford, 2007a; Loo, 2002). The socio-psychological pressures to conform that are usually present in group discussions are also lessened, as the pressure to conform to the opinion of the majority or greatest assumed authority is reduced (Steurer, 2011; von der Gracht, 2012). Nelms and Porter (1985) noted that "meaningful" discussions may be prevented because the participants do not interact, however, Loo (2002) saw this lack of interaction as a positive and pointed out that interpersonal conflict and problems with communication are, for the most part, eliminated.

The feedback given to the participants, does not include any names or personal information, therefore, the participants can evaluate the feedback on its merits without any preconceived notions of the individual offering the idea (Geist, 2010; Meyrick, 2003). The participants can also easily change their responses based on the feedback without feeling pressured to defend their previous publicly expressed opinion (von der Gracht, 2012). Participants do not have to be concerned with "keeping face" or expressing possibly unpopular ideas, as they do not have to provide a rebuttal if challenged and they can change their mind (Meyrick, 2003).

Despite providing numerous advantages, the anonymity feature does have a possible drawback. Shariff (2015) noted that anonymity in self-report surveys, such as the Delphi, could potentially cause a lack of accountability in responses. Due to a lack of accountability, participants may not complete the questionnaires as thoroughly and some of the questions may be answered without critically thinking about it (Powell, 2002). Vernon (2009) concurred and suggested that participants may be less rigorous in completion of the questionnaires and may drop out of the process due to a lack of accountability. If participants are no longer committed to the process, they may also choose to remain in the process, but approach their responses without serious consideration of the feedback (Meyrick, 2003).

Clayton (1997) pointed out that Delphi literature has failed to provide an adequate response to the question posed by the Delphi critic, Sackman; "*Does Delphi anonymity reinforce scientific accountability or unaccountability in method and finding*". It is possible that the anonymity in this study led to less accountability on the part of the participants. There are no specific guidelines for researchers on how to circumvent the accountability concern, however, Meyrick (2003) offered some advice and suggested that researchers using the Delphi should be vigilant for any changes in commitment from the participants, or indications that the participants are arbitrarily responding to the questions. Extensive effort was made to secure a sample of committed small business owners and the process was actively managed from start to finish. Moreover, the participants' identities were not known by each other, but they were known by the researcher, and this should encourage more accountability on the part of the participant. To conclude, the concern of lack of accountability is acknowledged, but it is unlikely that it had a significant negative impact on the quality of information obtained.

The last limitation that needs to be noted is the leap from the owner-manager to performance outcomes of the small business. The outcomes included both outcomes of the business such as profit and growth, and the personal outcomes of the owner-manager. The performance outcomes of the business are likely to be influences by factors other than the owner-manager. It is widely accepted that the owner-manager plays a significant role in the performance of a small business; however, the variance explained by other factors has not adequately been measured. It was beyond the scope of this study to focus on the linkages between the owner-manager competencies and the outcomes. Future research on small businesses should examine all the factors that lead to variation in small business performance or they should investigate the relationship between the performance of a small business and the owner-manager.

5.4 Theoretical and practical implications

A long-term objective of this research was to lay the foundation for research studies aimed at understanding the performance of small businesses and owner-managers. A greater understanding of small businesses and owner-managers will be beneficial to lenders, policy makers, small business service providers, and organisations that focus on small business creation and development. These stakeholders can have a positive influence on the survival of the small business to contribute to the dire economic state of South Africa.

The results of this study enable propositions for the specific competency clusters and performance outcomes. These propositions can be developed from being exploratory in nature to being more confirmatory in future studies. As noted, this study is but one step in the process of developing a comprehensive competency model for small business owners. Due to the need to develop a greater understanding of the competencies and outcomes, this research did not make any inferences regarding the links between the specific competencies and performance outcomes. Future research can focus on the relationships between the competencies and the performance outcomes, and as a result, a structural model can be developed and tested. While competency potential was briefly described, it was not part of the primary purpose of this study and further research is needed to provide clarification on the relationships between specific competency potential variables and the competencies of owner-managers. There is a great need to develop a competency model for small business owners and while this study contributes to that development, further research is needed.

The research on small businesses and owner-managers is fragmented. This is especially true for research on small businesses and owner-managers in South Africa. There are numerous inconsistencies and ambiguity surrounding owner-managers and small businesses. Although it was not the primary purpose of this study, this research does contribute to the reduction of some of the ambiguity surrounding small businesses and owner-managers. An example of this is the explanations and descriptions of entrepreneurship and small business owners. To reduce the fragmentation in small business research, studies need to clearly distinguish between entrepreneurs and small business owners, and take note that these terms should not be used interchangeably.

Some researchers, both internationally and in South Africa, have inappropriately simplified the performance measures of small business success. While most, if not all the researchers acknowledge their use of insufficient performance measures as a limitation of their research, they still make "generalisable" conclusions regarding small businesses. If the performance of a small business cannot be appropriately measured, then conclusions regarding the factors that lead to a successful small business will be inappropriate. As previously stated, small business owners cannot be viewed homogenously as rational economic entities and therefore the use of objective measures needs to be supplemented with subjective measures. Future research on small businesses needs to adequately measure the performance of the small business. An example of this is the use of growth as a determinant of small business success and the various growth metrics used that do not acknowledge the differing motivations of owners. While the performance outcomes of this study are still theoretical, researchers should understand the importance of using appropriate performance measures if they are to contribute to research on small businesses.

Lastly, an extensive Delphi was conducted for this research, and all of the research and analysis decisions were clarified, transparently reported and justified by making reference to literature. Although it was not an objective of this study, this research can be used to assist other Delphi users from a theoretical and practical point.

5.5 Concluding remarks

This study is intended to contribute to the understanding of small businesses and small business owners in South Africa, by providing valuable insights into the complexity of owner-managers. Furthermore, this research lays the foundations for the development of a comprehensive competency model for small business owners in South Africa.

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Ethical clearance letter

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NOTICE OF APPROVAL

REC Humanities New Application Form

8 March 2019

Project number: 8871

Project Title: The development of a small business owner competency model

Dear Miss Carmen Fourie

Your REC Humanities New Application Form submitted on 11 January 2019 was reviewed and approved by the REC: Humanities.

Please note the following for your approved submission:

Ethics approval period:

Protocol approval date (Humanities)	Protocol expiration date (Humanities)
8 March 2019	7 March 2022

GENERAL COMMENTS:

Please take note of the General Investigator Responsibilities attached to this letter. You may commence with your research after complying fully with these guidelines.

If the researcher deviates in any way from the proposal approved by the REC: Humanities, the researcher must notify the REC of these changes.

Please use your SU project number (8871) on any documents or correspondence with the REC concerning your project.

Please note that the REC has the prerogative and authority to ask further questions, seek additional information, require further modifications, or monitor the conduct of your research and the consent process.

FOR CONTINUATION OF PROJECTS AFTER REC APPROVAL PERIOD

Please note that a progress report should be submitted to the Research Ethics Committee: Humanities before the approval period has expired if a continuation of ethics approval is required. The Committee will then consider the continuation of the project for a further year (if necessary)

Included Documents:

Document Type	File Name	Date	Version
Data collection tool	Delphi Guide	22/11/2018	2
Default	Recruitment Material	23/11/2018	3
Data collection tool	Questionnaire	23/11/2018	2
Research Protocol/Proposal	Research Proposal	11/01/2019	4
Informed Consent Form	Revised Informed Consent Form 04.01.2019	11/01/2019	4

If you have any questions or need further help, please contact the REC office at cgraham@sun.ac.za.

Sincerely,

Clarissa Graham

REC Coordinator: Research Ethics Committee: Human Research (Humanities)

APPENDIX A: Round 1 Questionnaire

SMALL BUSINESS OWNER QUESTIONNAIRE

ROUND 1:

Name & Surname: ___________________

Company Name: ___________________

Email Address: ___________________

SECTION 1:

OUTCOMES (Success criterion):

These questions are about your performance outcomes as a small business owner-manager. You will be asked about different performance outcomes and how important they are to you and your definition of success as a small business owner. Each performance outcome is named and defined.

Please answer all the questions by putting an "X" through the number that represents your answer and providing a reason or motivation for your answer in the comment section. You are further encouraged to comment on the definitions of the performance outcomes.

1.	**Survival & Continuation**	Refers to when a business is financially able to continue its operations over an extended period of time or a business that can be sold for profit at a later stage. Failure implies the business could no longer feasibly remain in operation.
	Definition Comments:	

How important is survival and continuation of the business?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

2.	**Profit**	The financial benefit that is realised when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity. Any profit that is gained goes to the business's owner/s, who may or may not decide to spend it on the business. Profit is calculated as total revenue less total expenses.
	Definition Comments:	

How important is profit?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

3.	**Growth**	An increase in business size over a period of time, measured by one or more of the following factors: number of employees, sales and turnover.
	Definition Comments:	

How important is growth of the business?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

4.	**Market Performance**	Market performance is closely linked to the outcome of growth, profitability and survival. Market performance includes a number of different factors such as, increased market share, competitive standing, increased client base

		and/or contracts with clients, market value of the business, increased distribution, and diversity of products and services. In addition to the aforementioned, the outcome, market performance, can represent the reputation of the business/owner, recognition in the market and customer satisfaction.
	Definition Comments:	

How important is market performance?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

5.	**Human Resources**	This performance dimension encompasses the success of the owner-manager in relation to their human resources, as well as their leadership outcomes. Indicators of human resources include: compliance with the relevant labour legislation, attracting and retaining talented employees, career management, training and development of employees, trust and acceptance of the owner-manager, employee satisfaction, employee commitment and low levels of employee turnover.
	Definition Comments:	

How important is human resources?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

6.	**Production & Productivity**	This means being able to produce the right amount of products, with the right level of quality in a manner that is cost effective for the organisation. This performance dimension includes the following indicators: meeting quantitative and qualitative production goals, appropriate cost saving suppliers and supply chains, technological capabilities and overall levels of efficiency. Other indicators could include levels of wastage, production procedures and customer satisfaction with products and delivery.
	Definition Comments:	

How important is production and productivity?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

7.	**Community & Environmental Contributions**	This criterion includes contributions to the local community and society. In addition, it includes sustainable production and/or delivery methods, and environmentally and socially conscious decisions.
	Definition Comments:	

How important is community and environmental contributions?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

8.	**Personal Outcomes**	The extent to which the owner-manager is achieving their personal objectives or achieving the things that are important to them. This

		could include things such as work-life balance, flexibility, autonomy, power, job security, challenging work and being able to apply their creativity to problem-solve.
	Definition Comments:	

How important is personal outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

SECTION 2:

Please rank the outcomes in order of importance by numbering them from 8 to 1. The most important outcome should be 8 and the least important outcome should be 1.

Outcome	**Rank #**
Survival & Continuation	
Profit	
Growth	
Market Performance	
Human Resources	
Production & Productivity	
Contribution to Community & Sustained Environment	
Personal Outcomes	

Comments:	
Any other outcomes not listed:	

SECTION 3:

COMPETENCIES (behaviours):

These questions relate to the competencies (behaviours) that you as an owner-manager have to display in order to achieve the business outcomes, how frequently you display these behaviours and the relative importance of the behavioural clusters in terms of their impact on the outcomes. Each behavioural cluster is named and defined.

Please answer all the questions by putting an "X" through the number that represents your answer and providing a reason or motivation for your answer in the comment section. You are further encouraged to comment on the definitions of the competencies.

1.	**Managerial Competencies**	Displaying traditional managerial behaviours associated with leading, controlling, organising and planning. This includes obtaining the necessary resources, deploying the resources effectively and, organising and managing the processes of the business. This competency cluster also includes the behaviours that an owner-manager displays during the establishment of the business. This may include developing a clear business concept that is communicated and presented in a logical manner, registering the business and developing a sound business plan. *Only general managerial behaviours are included in this competency cluster. Financial, marketing, human resources and entrepreneurial behaviours are covered in subsequent clusters.
	Definition Comments:	

What is the relative importance of managerial competencies? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display managerial competencies?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of managerial competencies is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

2.	**Strategic Management & Planning**	This competency cluster comprises of two closely related, but separate competencies: Strategic Management and Planning. Strategic Management includes creating a shared vision and mission for the organisation. The strategic vision encompasses the direction, goals and objectives of the organisation. A strategic vision should be clear enough to be used as a frame of reference for decision making. Furthermore, strategic management involves not only the creation of a strategic vision, but also the implementation and evaluation of the strategic vision and plans. Planning includes strategic planning, such as developing the overall business plan and long term plans for the organisation, as well as operational planning to integrate the various organisational functions to achieve the desired goals. A crucial part of planning is feedback. Seeking feedback, obtaining feedback and using feedback to set appropriate, measurable and relevant goals forms part of planning.

	Definition Comments:	

What is the relative importance of strategic management and planning? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display strategic management and planning?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of strategic management and planning is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

3.	**Time Management**	Managing ones time to establish the strategic vision and strategic plans, while also implementing the plans and organising the day to day operations of the business. A balance between the 'traditional' day-to-day obligations of the business, while also focusing on planning and strategic thinking.
	Definition Comments:	

What is the relative importance of time management? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display time management?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of time management is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

4.	**Financial Management Competencies**	Developing accurate and detailed budgets, employing the appropriate mixture of debt and equity, searching for cheaper sources of financing, applying financial bootstrapping* where possible and, managing and monitoring the cash flow on a regular basis. *Financial bootstrapping is the use of techniques and methods to obtain finance without being dependant on debt finance or new owners to provide equity. It could include delaying specific payments to use cash receivable, using private funds and assets in the organisation, not taking an income from the organisation for a period of time, minimising expenses by using second hand equipment, sharing or borrowing equipment or other assets, and making use of government aid.

	Definition Comments:	

What is the relative importance of financial management competencies? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display financial management competencies?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of financial management competencies is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

5.	**Networking & Building Relationships**	Developing and maintaining personal relationships with external parties. Networking in the small business owner context includes taking full advantage of the close proximity to stakeholders of the business, such as consumers, suppliers and the community in which the business operates. The development of both informal and formal relationships and contracts with external individuals and companies. This may include joint ventures and strategic alliances that may be beneficial for the

		organisation. Building relationships also encompasses negotiating, listening to others, obtaining information and effective communication in the manner in which the owner discusses the business with others.
	Definition Comments:	

What is the relative importance of networking and building relationships? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display networking and building relationships?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of networking and building relationships is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

6.	**Human Resource Management Competencies**	Applying traditional Human Resource Management (HRM) procedures and policies in a manner that is appropriate for the small business. HRM includes recruitment and selection, delegation, remuneration, industrial/employee relations,

		disciplinary procedures and other practices aimed at improving the workforce of the organisation. The policies and procedures are likely to be less formal and less extensive, but the owner acknowledges the importance of HRM practices and actively takes an interest in the development of a workforce that is skilled, motivated, satisfied and committed to the organisation. The policies and procedures, along with the vision of the company is clearly communicated and understood by the employees. There is active effort to acquire, develop and retain talented and motivated employees.
	Definition Comments:	

What is the relative importance of human resource management competencies? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display human resource management competencies?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of human resource management competencies is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

7.	**Marketing Management Competencies**	Applying basic marketing principles such as market segmentation, targeting, positioning and a competitive advantage. Developing or employing a market orientation. An owner who adopts a market orientation focuses on obtaining market information about their consumers, products and their competitors, and they apply this information to business activities to improve the market position of the firm. Applying strategic thinking to marketing decisions. A good understanding of the market before establishing the business and identifying opportunities that exist in the market.
	Definition Comments:	

What is the relative importance of marketing management competencies? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display marketing management competencies?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of marketing management competencies is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

8.	**Entrepreneurial Behaviours**	This includes behaviours that are associated with innovation, risk taking and creativity, as well as, searching for, recognising and exploitation of opportunities. The appropriate balance of an adapter approach and innovator approach. Adaptors apply procedures and techniques that are well established and commonly used. Innovators continuously apply new techniques and search for new ways of doing things. Certain aspects of the business may require an adaptor approach while innovation should be applied to others. The aforementioned balance falls under entrepreneurial behaviours of small business owners.
	Definition Comments:	

What is the relative importance of entrepreneurial behaviours? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display entrepreneurial behaviours?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of entrepreneurial behaviours is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

9.	**Technology Related Competencies**	Keeping up to date with the relevant information technologies and applying technological equipment and information technologies where appropriate and cost effective.
	Definition Comments:	

What is the relative importance of technology related competencies? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display technology related competencies?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of technology related competencies is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

10.	**Socially Responsible Behaviour & Ethics**	Modelling ethical behaviour, the establishment of an ethical code of conduct (whether through commonly accepted behaviour or a written and implemented code) and honesty. Socially responsible behaviour where by the owner is aware of and responds to social issues and places a high priority on ethical standards. Contributing to a sustained environment and/or a focus on environmentally friendly business methods. Measurable socially responsible goals.
	Definition Comments:	

What is the relative importance of socially responsible behaviour and ethics? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display socially responsible behaviour and ethics?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of socially responsible behaviour and ethics is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

11.	**Learning Orientation Behaviours & Knowledge Management**	Improving ones knowledge base and skills through seeking information, training and any other learning opportunities that could be of use to the owner-manager. The implementation of knowledge management in a small business context so that the information obtained by the owner can be shared with the employees to improve the overall performance of the organisation. Techniques such as on job training, job rotation and apprenticeships can be utilised for this purpose. In addition to the aforementioned, information specifically about the organisation and different areas of the organisation can be shared by the owner with his/her employees.
	Definition Comments:	

What is the relative importance of learning orientation behaviours and knowledge management? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display learning orientation behaviours and knowledge management?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of learning orientation behaviours and knowledge management is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

12.	**Personal Competencies**	Personal discipline, working consistently hard and consistently managing one's own performance. Own performance management includes identifying one's strengths and weaknesses and matching them to opportunities and threats, as well as setting standards and monitoring one's self against these standards. Personal competencies also includes maintaining high levels of energy, managing one's career development, having a positive attitude, prioritising and responding to positive criticism. Strong leadership, proactiveness, good interpersonal skills, leading by example and displaying ethical behaviour. Lastly, personal competencies includes the owner's commitment to the organisation and the performance of the organisation, as well as their perseverance.
	Definition Comments:	

What is the relative importance of personal competencies? How important is it in terms of the impact on the outcomes?

Not Important	Somewhat Important	Important	Very Important	Extremely Important
1	2	3	4	5

Reason or motivation for your answer:

How frequently do you display personal competencies?

Rarely	Every now and then	At least once a day	Multiple times a day	All the time
1	2	3	4	5

Reason or motivation for your answer:

What level of personal competencies is needed for an owner-manager? How good must you be at this?

Basic Understanding				Expert Level
1	2	3	4	5

Reason or motivation for your answer:

SECTION 4:

Please rank the competency clusters in order of importance by numbering them from 12 to 1. The most important competency cluster should be 12 and the least important competency cluster should be 1.

Outcome	**Rank #**
Managerial Competencies	
Strategic Management & Planning	
Time Management	
Financial Management Competencies	
Networking & Building Relationships	
Human Resource Management Competencies	
Marketing Management Competencies	
Entrepreneurial Behaviours	
Technology Related Competencies	
Socially Responsible Behaviour & Ethics	
Learning Orientation Behaviours & Knowledge Management	
Personal Competencies	

Comments:	
Any other competencies not listed:	

END OF QUESTIONNAIRE

APPENDIX B: Consent Form

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX C: Sample Information

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX D: Round 2 Questionnaire

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX E: Round 3 Questionnaire

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX F: Feedback Round 1

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX G: Feedback Round 2

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX H: Feedback Round 3

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX I: Recruitment Material

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX J: Communication with participants

This appendix is not available on this version. To view the appendix please send a request to carmenfourie91@gmail.com.

APPENDIX K: Evaluation

Evaluation

Evaluation of Rigour using Paré, Cameron, Poba-Nazaou and Templier (2015) adapted guide for evaluating rigour in ranking-type Delphi studies

AREA 1: RESEARCH DESIGN	
Attributes	**Rate**
Follow explicit procedures for expert selection	Clearly Stated
Use of clear selection criteria	Clearly Stated
Document expert demographics and profiles	Clearly Stated
Ensure anonymity of participants	Clearly Stated
Report response rate to initial call for participation	Clearly Stated
Report panel size	Clearly Stated
Pretest task instructions and questionnaire instructions	Clearly Stated
AREA 2: DATA COLLECTION AND ANALYSIS	
*Brainstorming and Narrowing down attributes removed because they are not directly applicable to this study. Justification for adaptation to remove braining storming and narrowing down was provided and strongly supported by literature.	
Ranking Phase	
Provide clear ranking instructions	Clearly Stated
Randomly order items	Random & Grouped by theme
Ask experts to justify their ranking	Yes
Perform appropriate statistical analyses	Clearly Reported
Type of statistics reported	
Mean rank of items	Yes
Kendall's W	Yes
% of experts who ranked items in top half	Yes
Apply stopping rule	Clearly stated as 3 rounds
Final consensus rate	Reported
Final Kendall's W value	Reported
Number of rounds performed	3
Provide controlled feedback to experts	
Mean rank of items	No
Kendall's W interpretation	No
Prior responses	Yes
Expert comments	Yes

Note. Adapted from "A systems assessment of rigor in information ranking-type Delphi studies", by Paré, G., Cameron, A. F., Poba-Nazaou, P., and Templier, M., (2015), *Information & Management*, *50*, p.210.

APPENDIX L: Overview of Competencies (Frequency)

Competency	Frequency of Responses					Comparison		
	Rarely	Every now and then	At least once a day	Multiple times a day	All the time	Mean	SD	Mean^2/SD
Managerial Competencies	0	15%	15%	20%	50%	4.05	1.15	14.31
Strategic Management & Planning	5%	25%	15%	20%	35%	3.55	1.36	9.29
Time Management	0	0	15%	40%	45%	4.30	0.73	25.23
Financial Management	0	5%	20%	25%	50%	4.20	0.95	18.54
Networking & Relationship Building	0	20%	20%	25%	35%	3.75	1.16	12.07
Human Resource Management	5%	20%	15%	20%	40%	3.70	1.34	10.20
Marketing Management	5%	25%	20%	25%	25%	3.40	1.27	9.08
Entrepreneurial Behaviours	5%	20%	30%	0	45%	3.60	1.39	9.31
Technology Related Competencies	0	60%	10%	5%	25%	2.95	1.32	6.60
Socially Responsible Behaviours & Ethics	5%	5%	15%	25%	50%	4.10	1.17	14.43
Learning Orientation & Knowledge Sharing	5%	30%	15%	15%	35%	3.45	1.39	8.54
Personal Competencies	0	5%	15%	25%	55%	4.30	0.92	20.02

APPENDIX M: Overview of Competencies (Level)

Competency	Frequency of Responses					Comparison		
	1. Basic Understanding	2	3	4	5. Expert level	Mean	SD	Mean^2/SD
Managerial Competencies	0	5%	10%	55%	30%	4.10	0.79	21.33
Strategic Management & Planning	5%	5%	10%	50%	30%	3.95	1.05	14.86
Time Management	0	5%	15%	55%	25%	4.00	0.79	20.13
Financial Management	0	0	30%	45%	25%	3.95	0.75	20.55
Networking & Relationship Building	5%	0	10%	50%	35%	4.10	0.97	17.37
Human Resource Management	10%	5%	10%	65%	10%	3.60	1.10	11.83
Marketing Management	5%	0	55%	20%	20%	3.50	1.00	12.25
Entrepreneurial Behaviours	0	0	10%	50%	40%	4.30	0.66	28.15
Technology Related Competencies	15%	0	35%	35%	15%	3.35	1.23	9.16
Socially Responsible Behaviours & Ethics	5%	5%	15%	45%	30%	3.90	1.07	14.20
Learning Orientation & Knowledge Sharing	10%	0	15%	55%	20%	3.75	1.12	12.58
Personal Competencies	0	0	5%	60%	35%	4.30	0.57	32.37